Canada's Trade with Europe

European Trading Arrangements—a Progress Report

FOREIGN TRADE

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COMING——BUSINESS CONDITIONS IN EUROPE (CONTINUED), JULY 14

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editorial

Our last issue in June is by custom devoted to a review of business conditions and trade developments in Europe and carries reports from the Trade Commissioners posted there.

This year we intend to feature Europe in two issues—the current one and the July 14 number. In this issue we present reports on the six EEC countries and on Greece. On July 14 we plan to publish articles on the EFTA countries (exclusive of Britain), Finland, Ireland, Spain and Yugoslavia, and on several of the Eastern European economies, plus some explanation of the techniques of state trading.

An article on Canada's trade with Europe, including Eastern Europe, introduces the detailed reports that make up this issue. Last year Canada sold to all of Europe nearly $742 million worth of goods. A vigorous cultivation of this lucrative market is included in the Department's 1962 promotion plans. It is taking space in eight trade fairs, some general and some specialized, and so providing excellent opportunities for the display of Canadian products. Already the Department has sent five trade missions to Europe, interested in selling various types of products, both agricultural and industrial. Three more are planned for the fall.

In view of this trade expansion, the Trade Commissioner Service too has made some moves. It has opened one new European office, at Duesseldorf, since our last European issue and is strengthening our posts in Spain, Denmark and Sweden by sending out additional Foreign Service Officers. In many of the articles in this issue, the Trade Commissioners draw attention to particular sales opportunities and suggest, in general terms, ways to approach these markets.

The intense interest in the European regional trading groups and in the proposed accession of Britain and other EFTA countries to the Common Market prompted us to obtain from the International Trade Relations Branch an article that brings up-to-date developments in both the EEC and EFTA, explains briefly the main aspects of the EEC's common agricultural policy, and discusses the negotiations between Britain and the Common Market countries.

We present this issue, the work of many hands in the Department both at home and abroad, in the hope that it will focus attention on one of the richest and most active marketplaces in the world today.

—The Editor.

Canada's Trade with Europe

European prosperity, plus an expanded trade-promotion program, helped to boost Canadian sales to Western and Eastern Europe to $742 million last year. Outlook for this year seems promising.

N. R. CUMMING,
European Division, International Trade Relations Branch.

Canadian asbestos destined for the French market comes ashore at the port of Le Havre. Industrial raw materials ranked high among our exports to France and to most of Europe last year, as did bulk foodstuffs such as wheat. Encouraging was the rise in sales of manufactured goods, though opportunities for these are limited.

HIGH levels of economic activity in almost every European country last year brought increased export opportunities for Canada. A few of these countries maintained import restrictions for balance-of-payments reasons. Imports into Portugal and Spain are still subject to restrictions but Spain's stabilization program has resulted in a considerable relaxation of controls in that market.

Regional arrangements among Western European countries continued to be of primary importance in Canada's trade and commercial relations with this area. Of particular significance was the decision of Britain, Ireland, Denmark and Norway to apply for full membership in the European Economic Community. Applications for association with the EEC were submitted by Austria, Switzerland, Sweden and Spain. Although an agreement of association has been signed between the Community and Greece, it has yet to be ratified by the parliaments of the Six.

Complete results of tariff negotiations over the past eighteen months under the General Agreement on Tariffs and Trade will be announced on July 16. Canada negotiated with the EEC, Portugal, Spain, and other non-European countries and in addition to benefits accruing to Canada as a result of direct negotiations, significant indirect benefits resulted from agreements between other Contracting Parties to the GATT. Of special note is the agreement between the United States and the European Economic Community.

Canadian exports to both Western and Eastern Europe continued to expand throughout 1961 and prospects for 1962 are favourable. Canadian exports to Western Europe totalled $622.4 million last year; our best markets were in the EEC countries—West Germany ($212.8 million), Belgium-Luxembourg ($76.1 million), France ($72.0 million), Italy ($67.7 mil-

CANADIAN TRADE WITH EUROPE

	Exports 1959	1960	1961	Imports 1959	1960	1961
			(millions of dollars)			
EEC						
Belgium-Luxembourg	56.1	69.1	76.1	44.8	41.4	44.8
France	43.2	72.9	72.0	56.9	50.1	54.3
Italy	31.7	68.4	67.7	37.7	42.8	49.1
Netherlands	53.8	62.6	60.5	29.1	31.5	33.5
West Germany	129.3	165.6	212.8	123.9	127.0	136.5
Total	314.1	438.6	489.1	292.4	292.8	318.2
EFTA (continental)						
Austria	8.3	7.7	7.9	5.7	6.6	6.6
Denmark	5.5	5.0	4.8	9.2	10.1	11.7
Finland	2.7	4.4	6.1	0.9	1.1	1.2
Norway	62.3	61.6	69.7	4.1	4.2	9.0
Portugal	3.3	3.3	4.7	3.1	3.2	4.9
Sweden	14.9	20.9	17.7	18.1	20.4	24.2
Switzerland	25.7	26.4	22.4	24.5	24.3	26.1
Total	122.7	129.3	133.3	65.6	69.8	83.7
Eastern Europe						
U.S.S.R.	12.6	8.2	24.3	2.3	3.2	2.4
Bulgaria	0.2	0.5	0.3	0.006	0.006	0.02
Rumania	1.2	1.3	1.0	0.04	0.08	0.3
Hungary	1.1	0.9	0.6	0.2	0.3	0.4
Czechoslovakia	5.0	6.8	20.6	6.4	6.7	8.4
Poland	15.6	16.7	41.1	1.6	1.9	3.2
Total	35.7	34.4	87.9	10.4	12.2	14.7
Other Europe						
Greece	3.8	5.5	5.0	0.3	0.5	0.5
Ireland	8.2	7.7	11.6	2.0	2.1	3.9
Spain	6.2	10.2	12.8	5.6	6.9	8.5
Yugoslavia	2.6	3.2	2.1	0.6	0.8	1.7
	20.8	26.6	31.5	8.5	10.3	14.6
Grand total	**493.3**	**628.9**	**741.8**	**377.0**	**385.1**	**431.2**

lion), and the Netherlands ($60.5 million). Sales to Eastern Europe and the U.S.S.R. rose considerably, largely because of increased wheat shipments.

Although traditional exports of industrial raw materials and bulk foodstuffs accounted for the major part of our sales, limited but encouraging gains were made in manufactured lines. In this issue and in the July 14 number, other articles discuss in detail individual markets and European regional developments.

Continued Demand

Internal demand continued to be the main element of strength in Western European economies. In some countries, full employment, labour shortages and strained productive capacity resulted in a slower rate of growth. At the same time, however, prosperity kept pay envelopes filled; purchasing power and consumer buying increased steadily. Italy is experiencing the most dynamic growth within the EEC, although per capita income, particularly in the south, continues to lag behind other Common Market countries. Current economic development plans, both for Italian agriculture and industry, are expected to raise the Italian level closer to those of other Community members. Some of the EEC countries, particularly West Germany, are facing inflationary pressures resulting from fully extended economies. The German Federal Minister of Economics has recently warned his country about the inherent danger of current inflationary trends in which wages are tending to increase faster than productivity. National forecasts for the Scandinavian countries suggest that total demand will roughly maintain the record pace of expansion of the past two years.

Eastern Europe

As mentioned above, Canada's trade with Eastern Europe increased considerably during 1961, the result mainly of substantial sales of wheat. In state-trading countries, imports are governed by the particular needs of the economic plans, with the result that somewhat different sales techniques apply. As the various economic plans go forward, opportunities for Canadian exports should continue. More details on our trade with and trading opportunities in Eastern Europe will appear in the July 14 issue, plus articles by Canadian Government Trade Commissioners serving Canadian interests in Eastern Europe and the U.S.S.R.

Export Drive

Since the Ottawa Export Trade Promotion Conference in December 1960, the Canadian export drive has gained considerable momentum. In 1961, two Canadian trade missions explored export opportunities in Western Europe. In the first half of this year, as part of an expanded program covering a wide range of commodities, missions have toured a number of European business centers seeking markets for clothing, home heating and associated builders' supplies, electrical appliances, and fruits and vegetables. Similar missions covering leather and leather products, timber and fisheries products are scheduled for the fall. Canada will participate in eight trade fairs in Europe this year, providing Canadian exporters with excellent show-windows for their goods. Through these and many other services, the Department of Trade and Commerce stands ready to assist the exporter in seeking, capturing and retaining foreign markets.

Over-all prospects in the near future continue to be promising, as Western European purchasing power and standards of living are still rising. Convertibility of currencies, widespread liberalization measures, and general prosperity have widened opportunities in these markets. Both revaluation of the Canadian dollar and increasing production costs in Western Europe should improve our competitive position.

The facilities of the Department of Trade and Commerce, both at home and abroad, are at the disposal of Canadian producers, but it is important to remember that a personal canvass of the market is still the best way to assess your company's opportunities. European tastes, preferences and business methods often differ considerably from those in North America and these facts are more readily grasped at first hand. Continental markets are extremely competitive and take time to cultivate. However, as many Canadian companies have proved, the rewards justify the time, effort and expense. ●

France

Large foreign exchange reserves, rising exports and imports, liberalization of trade in industrial products make this an expanding market. Canadian exporters are increasing their share of it and broadening the range of goods sold to French consumers.

A. G. KNIEWASSER, *Commercial Counsellor, Paris.*

BUSINESS developments in France must sometimes mystify outside observers. A well-known Paris economic journal summarized the situation a few weeks ago as follows: *"From reading their newspapers foreigners interested in French affairs would easily conclude that this country is in the midst of chaos. The international press speaks only of bombs, assassinations, arrests and political problems, and then suddenly our foreign friends learn that the economic position of the country is excellent, that financial affairs are sound, and that the international trading position has exceeded all objectives and in fact is now something of a record in French history."*

This analysis is accurate for, despite difficulties associated with self-determination in Algeria, France has never been in better shape.

The year 1961 was one of consolidation and steady economic growth. Gross national product increased by 8 per cent at market prices and 4.5 per cent in real terms, new capital formation by 8 per cent, industrial output by 6.5 per cent, and consumer expenditures by 5 per cent. Full employment continued and the average working week increased to 46 hours. Unfilled jobs, in fact, exceeded the number of people receiving unemployment benefits throughout the year. The only soft spots in the economy were the automotive and coal industries. The agricultural sector was generally prosperous, although growing conditions were not as favourable as in 1960 for wheat, barley, corn, beef, fruits and vegetables, and in the vineyards.

Table I summarizes some of the key economic indicators.

Strong export demand continues to be one of the main driving forces in the French economy. Last year exports totalled NF.35.7 billion, 5.2 per cent over 1960. Sales abroad of transportation equipment rose by 47 per cent, machinery by 28, and electrical equipment by 25.

The only industry that did not share in the export advance was the automobile industry, where sales decreased by 17 per cent, mainly because of a decline in North American demand. French economic planners were particularly pleased with the 35 per cent rise in agricultural exports. This expansion is expected to continue now that the main elements of a common agricultural policy for the EEC have been established.

Import Liberalization Proceeds

French imports in 1961 also reached a new record of NF.33 billion, a 6.3 per cent increase over 1960. Purchases of petroleum and agricultural products were smaller than in 1960 and the expansion took place chiefly in imports of fully manufactured goods and equipment. This development resulted in large part from trade liberalization in the industrial sector. Import controls have now been removed on all industrial goods from OECD countries except newsprint, aircraft, ships, energy and armaments. Import licences are available for some

TABLE I

ANNUAL PRODUCTION IN FRANCE

		1960	1961
Crude petroleum	(millions of metric tons)	11.4	19.0
Electricity	(billion kwh.)	72.1	76.5
Aluminum	(thousands of metric tons)	235.0	280.0
Cement	(millions of metric tons)	14.1	15.5
Steel	(millions of metric tons)	17.6	17.6
Coal	(millions of metric tons)	58.2	55.3
Automobiles	(million units)	1.4	1.2
Industrial production	(index 1952=100)	176.0	185.0

TABLE II

FOREIGN TRADE OF FRANCE

Imports from:	1961 (in million NF.)
West Germany	5,626 (+ 15%)
United States	3,638 (— 1%)
Benelux	2,000 (+ 8%)
Italy	1,509 (+ 21%)
Britain	1,487 (+ 30%)
Netherlands	1,247 (+ 8%)
Switzerland	733 (+ 17%)
Kuwait	794 (+ 12%)
Iraq	666 (— 15%)
Australia	664 (— 4%)
CANADA	451 (+ .2%)
Total, including all others	32,992

Exports to:	1961 (in million NF.)
West Germany	5,407 (+ 16%)
United States	2,059 (+ 5%)
Benelux	2,961 (+ 17%)
Italy	2,412 (+ 22%)
Britain	1,809 (+5.5%)
Netherlands	1,174 (+ 28%)
Switzerland	1,797 (+ 16%)
Spain	591 (+ 42%)
U.S.S.R.	543 (— 5%)
Sweden	517 (— 11%)
CANADA	264 (+1.5%)
Total, including all others	35,668

TABLE III

CANADIAN EXPORTS TO FRANCE

	1960	1961
	(in million NF.)	
Durum wheat	70.6	88.8
Oilseeds	48.9	29.3
Dairy products	.7	....
Fish, fresh or frozen	2.9	4.4
Fish, canned	1.2	1.0
Confectionery	....	.2
Beverages	.1	.2
Lumber	5.4	15.4
Pulpwood	3.9	12.6
Wood pulp	20.0	24.5
Newsprint	7.8	3.5
Books, printed matter	.1	.3
Hides and leathers	2.0	.3
Synthetic rubber	45.5	43.4
Chemicals	14.7	5.9
Plastics and manufactures thereof	43.0	32.9
Synthetic textiles	4.8	....
Furs and pelts	2.9	2.6
Asbestos	36.1	41.3
Refractories	.2	.3
Iron ore	....	2.0
Lead ore and concentrates	4.1	.5
Zinc ore and concentrates	2.8	4.5
Molybdenum ore	.2	.5
Nickel	24.4	8.5
Aluminum	23.4	3.9
Beryllium	1.1	.3
Copper	54.0	51.1
Iron and steel scrap	3.1	8.2
Iron and steel products	11.3	31.9
Boilers, engines and machinery	7.8	22.1
Automobiles	.1	1.0
Tools and hardware	.2	.9
Precision and scientific equipment	.6	1.7
Electrical instruments and apparatus etc.	1.7	2.7
Total	**450.7**	**451.5**

Source: Statistiques Mensuelles du Commerce Extérieur de la France.

TABLE IV

CANADIAN IMPORTS FROM FRANCE

	1960	1961
	(in million NF.)	
Canned foods	3.3	6.5
Dairy products	1.6	1.9
Cocoa and preparations	1.2	.9
Beverages	28.1	30.8
Hides and skins	4.9	4.5
Leather goods	4.1	4.3
Woollen yarns and fabrics	8.0	10.7
Other textile goods	7.9	5.2
Carpets, lace, embroidery	5.9	5.5
Hosiery	2.8	4.9
Clothing	5.2	5.7
Headwear	.9	1.3
Footwear	1.1	1.5
Wood and wood products	1.5	3.4
Books and printed matter	21.3	25.1
Chemicals	9.5	10.2
Pharmaceuticals	1.7	1.7
Essential oils and perfumery	3.8	3.4
Fertilizers	2.5	4.3
Rubber manufactures	5.1	3.9
Glass and glassware	10.6	10.1
Iron and steel	19.3	26.4
Automobiles and cycles	55.7	46.6
Machinery and tools	13.5	15.9
Aircraft	4.8	.1
Electrical equipment and apparatus	4.9	4.5
Clocks and watches	2.3	2.6
Optical goods and precision instruments	2.5	2.8
Musical instruments	1.5	2.1
Toys and sporting goods	1.7	2.0
Films, etc.	1.8	2.2
Total	**260.5**	**264.4**

Source: Statistiques Mensuelles du Commerce Extérieur de la France.

of the agricultural products still under control.

The outstanding feature of French foreign trade is integration within the European Economic Community. Exports to EEC countries in 1961 reached NF.12 billion, or 45 per cent of total French sales to foreign countries (38 per cent in 1957), and imports from the EEC group totalled NF.10.4 billion, equivalent to 40 per cent of total foreign purchases (28 per cent in 1957). France continues to enjoy a favourable balance of trade with its EEC partners.

French import duties on EEC goods have now been cut by 40 per cent and will be cut by another 10 per cent in July. The rapid implementation of the Rome Treaty is the cornerstone of French economic policy. The intention in Paris is to press for the complete elimination of tariffs and other obstacles to trade within the Community on an accelerated time-table.

Table II gives figures on exports to and imports from France's main trading partners in 1961.

Exchange Reserves Up

Perhaps the most spectacular of French achievements in recent years has been the great improvement in the financial position. In 1957 exchange reserves amounted to no more than $60 million and the franc was in a serious plight. Since then, political stability and sound economic management have facilitated economic growth and the development of a strong external trading position. The franc is now convertible and exchange reserves exceed $3 billion. All short- and medium-term debts have been retired and the long-term debt has been reduced by $1.4 billion in advance of maturity. For the first time since the end of the war, France is registered with the International Monetary Fund as a creditor nation and has in fact advanced $200 million through this organization to support world currencies. Paris bankers are now in a position to resume international lending in a major way.

Trade with Canada

Canadian exports to France reached NF.451 million in 1961, a small increase over 1960 but approximately twice the 1952-59 average. The range of Canadian goods shipped to France has also broadened substantially—from 210 export categories in 1960 to over 276 in 1961. New export business was promoted in a wide range of so-called "hard-to-sell" fully manufactured goods last year and offset declines in sales of aluminum, nickel, newsprint and oilseeds.

Imports totalled NF.264 million, leaving a balance of trade in Canada's favour of NF.187 million. The main products exchanged between Canada and France are summarized in Tables III and IV.

Sales Prospects Encouraging

Sales efforts by Canadian exporters reached a new peak in 1961 and led to 320 personal selling visits to France and the establishment of 41 sales agencies. This renewed interest in the French market resulted in large part from the Export Trade Promotion Conference held in Ottawa in December 1960 and to subsequent regional trade conferences held in Canadian provinces. In addition, a program of trade missions and participation in French trade fairs in Paris, Lyon, and Bordeaux are making Canadian businessmen's presence felt in France as never before. These efforts have meant a broadening in the range of Canadian goods shipped to this country and in 1962 repeat orders are expected to boost trade figures further.

At the present time, sales prospects are particularly promising for fresh and canned salmon, lobsters, durum wheat, furs, lumber and plywood, pulp, newsprint, base metals, construction machinery, specialized motor vehicles, electronic and scientific equipment. Import controls have been removed on almost all non-agricultural products and Canadian exporters have a long-awaited opportunity to sell in terms of open competition. Tariffs on imports from France's partners in the EEC are lower than rates applying to Canadian goods, but the experience of the Paris Trade Office is that a wide range of Canadian exports remain competitive in this market. ●

West Germany

Rising wages, a slower rate of economic growth, increasing competition in the export market marked 1961, but foreign trade reached a record. Canada's sales achieved new high of $213 million, with particularly large shipments of wheat.

J. A. STILES, *Commercial Counsellor, Bonn.*

THE pace of expansion in the West German economy slackened during the past year. Based on 1954 prices, the effective increase in the gross national product in 1961 amounted to 5.5 per cent compared with 8.8 per cent in 1960; the increase in 1962 is expected to be between 3 and 4 per cent. This slowing of the growth rate resulted from declining demand in both the home and foreign markets. Decreased domestic demand is attributed to a tendency to hold smaller stocks of goods and to greater competition from imports following the revaluation of the German currency in March 1961. Abroad it has become more difficult for German products to compete successfully. In general, however, the German economy in 1961 showed remarkable stability despite subjection to severe pressures.

One of the most important of these pressures was the increase in salaries and wages in 1961 by an average of 10 per cent, compared with a rise in output per person of only 3 per cent. Growing foreign competition has limited the extent to which these higher costs could be transferred to prices, and profit margins have had to be cut to cover rising wage bills. Further wage demands are currently being made and it remains to be seen whether these can be related successfully to increased productivity. Local businessmen were shocked to learn from a recent European Community study that German wages and subsidiary costs are now the highest among the member states of the EEC. There is currently much discussion over the danger of an excessive rise in prices which has been highlighted by the

One way Canada is promoting sales to Europe is entering exhibits in trade fairs there. The photograph shows a display of fine-quality Canadian pelts at the International Fur Fair in Frankfurt last April. In the centre of the picture is J. A. Stiles, Canada's Commercial Counsellor in Bonn, (left) talking to a visitor.

Before Selling to West Germany . . .

- Try if possible to visit the market personally to obtain a good understanding of sales possibilities and to determine the most suitable marketing channels for *your* product.
- Remember there is no single main sales area in West Germany but rather a number of regional centres of more or less equal importance.
- Examine the German trade press covering your field of interest. Many of these magazines are published in English as well as in German and can help you get the feel of the market.
- Don't forget the numerous specialized international trade fairs which are so widespread in Germany. A visit to one of these will quickly reveal whether your product has a chance or not. The permanent officials of these fairs and of appropriate local trade associations can provide you with invaluable advice.
- Be sure to call on the services of the Canadian trade officials in Hamburg, Duesseldorf and Bonn. They probably can "point the way" for you and assist you in making the right selling connections.
- Talk to other Canadian exporters who are not your competitors about their experiences in the German market. Chances are they can give you many useful tips.

unsuccessful attempt of the Minister of Economics, Professor Erhard, to prevent an increase in the price of Volkswagen cars.

Industrial production in West Germany in 1961 rose by only 5.4 per cent, compared with 12.1 per cent in 1960 and 7.9 per cent in 1959. The basic and producer goods industries raised their output by 5 per cent (14.5 per cent in 1960), the capital goods industries by 10.7 (16.2) per cent, and the consumer goods industries by 3.3 (8.8) per cent.

Despite the slower business tempo, there has been no decline in employment and the labour shortage evident in recent years persists. At the moment there are three job openings for every registered unemployed person. The current rate of unemployment is less than 1 per cent and over 555,000 foreign workers have had to be brought in to relieve this situation.

Foreign Trade Achieves Record

Germany's foreign trade reached a record high in 1961 although the rate of growth was not as rapid as in the two boom years of 1959 and 1960. The total value of exports and imports in 1961 rose by DM 4.7 billion to DM 95.3 billion, in comparison with increases of DM 13.7 billion in 1960 and DM 8.9 billion in 1959. Nevertheless, the German export surplus of DM 6.6 billion last year was the highest since the war. The dampening influence of the March 1961 currency revaluation on German exports did not make itself felt until the early months of 1962. Because of the revaluation, import costs last year declined by 3.5 per cent from 1960.

The lower prices paid for 1961 imports resulted in an increase in the value of total imports of only 3.8 per cent as against a rise of 19.1 per cent in 1960. Imports of finished products in 1961 increased, on the average, by 19 per cent, with machine imports up by 14 per cent, machine tools by 32, agricultural machinery by 42, office machines by 71, and electrical equipment by 27. Contributing factors included not only the lower import prices but also the long delivery periods that German producers of capital goods require.

Compared with the growth in imports of finished goods, imports of raw materials and semi-finished goods declined, mainly because importers and traders were slow in stock formation. The movement in imports of farm products showed considerable variation. In the first half of 1961, the good 1960 harvest caused a fall in imports of farm products but in the second half of the year these imports rose appreciably because of the poor 1961 crop. Current estimates for 1962 indicate that the large food imports will continue.

Trade Pattern Changing

From the regional breakdown of Germany's trade it is apparent that in 1961 the 8.4 per cent increase in imports from the Common Market countries was the largest. Imports from France and Italy last year each rose by 16 per cent.

Exports to the Common Market countries also showed the largest gain, 14.3 per cent. It is clear that the shifting of the trade pattern in favour of the Common Market countries is in full swing. The fall of 7.2 per cent in German exports to the United States is attributed to the decline in shipments of automobiles.

Canadian-German Trade

Despite the growing commercial ties between Germany and its Common Market partners, Canadian-German trade rose to a record high in 1961, with the exchange of goods reaching close to Can.$350 million. Of this total, Canadian exports to Germany accounted for $212.7 million, compared with $165.6 million in 1960 and $129.3 million in 1959. West Germany in 1961 was Canada's fourth largest export market, following the United States, Britain and Japan.

It is evident from Table III that the main increase in Canadian shipments last year was in wheat, which rose by $63 million over 1960 because of the poor German crop last summer and the resulting need for larger quantities of Canadian hard wheat to mix with local soft wheat. The decline by $15 million in our aluminum sales resulted partly from smaller demand but mainly from the heavy stockpiling that took place in the last quarter of 1960. Sales of copper, nickel, iron ore, lead, and wood pulp were smaller because of a slower business pace and a tendency to run down stocks.

Outlook Generally Good

The general outlook for Canadian sales this year is good. The volume of our wheat sales should remain high, assuming that the new import regulations under the EEC common agricultural policy (which are scheduled to come into force on July 1, 1962) are not unduly restrictive. The demand for our industrial raw materials should also be at least as strong as in 1961. In addition, shipments to Germany of Canadian goods such as simulators and electronic equipment connected with the F104G aircraft program are expected to increase during the year.

Although our sales of grains and industrial raw materials are likely to continue to dominate our exports to West Germany, there are good sales possibilities here for a variety of other products, provided that Canadian shippers make a strong effort to compete. The following are some commodities in which additional

TABLE I

WEST GERMAN FOREIGN TRADE BY PRODUCTS

	1960 (millions of DM)	1961 (millions of DM)	Per cent change
Imports, total	42,723	44,361	+ 3.8
Of which:			
Food	11,246	11,674	+ 3.4
Non-ferrous metals	3,406	3,247	— 4.7
Textiles	2,855	3,066	+ 7.4
Engineering products	2,105	2,728	+29.6
Chemical products	2,373	2,337	— 1.5
Petroleum, natural gas	1,903	2,206	+15.9
Iron and steel	2,479	2,202	—11.2
Iron ores	1,583	1,485	— 6.1
Exports, total	47,946	50,988	+ 6.3
Of which:			
Engineering products	9,054	10,948	+20.9
Chemical products	5,924	6,143	+ 3.4
Vehicles	5,327	5,462	+ 2.5
Iron and steel	4,433	4,418	— 0.4
Electrical equipment	4,057	4,481	+10.5
Hardware	2,735	2,918	+ 6.7
Coal mining products	2,313	2,257	— 2.4

Source: Federal Statistical Office.

TABLE II

WEST GERMAN FOREIGN TRADE BY COUNTRIES

	1959	1960 (in millions of DM)	1961	% change 1961 over 1960
IMPORTS				
from Western Europe	19,328	22,855	24,363	+ 6.6
including EEC	10,334	12,708	13,779	+ 8.4
United States	4,576	5,974	6,097	+ 2.0
Eastern Bloc countries	1,647	1,998	2,041	+ 2.2
Other countries	10,272	11,895	11,860	— 0.3
Total	**35,823**	**42,722**	**44,361**	**+ 3.8**
EXPORTS				
to Western Europe	24,630	29,913	33,207	+11.0
including EEC	11,463	14,148	16,178	+14.3
United States	3,776	3,723	3,454	— 7.2
Eastern Bloc countries	1,868	2,255	2,072	— 8.1
Other countries	10,910	12,055	12,245	+ 1.6
Total	**41,184**	**47,946**	**50,978**	**+ 6.3**

Source: Federal Statistical Office.

TABLE III

PRINCIPAL CANADIAN EXPORTS TO GERMANY

	1959	1960 (Can.$'000,000)	1961
Wheat	51.7	39.7	102.8
Aluminum	14.3	32.9	17.9
Asbestos	8.5	9.6	11.3
Aircraft engines, parts	3.8	4.6	8.5
Copper	5.5	10.3	7.5
Nickel	4.0	9.2	6.9
Synthetic rubber	2.6	5.4	5.7
Iron ore	5.2	6.8	5.5
Wood pulp, sulphate	3.2	5.3	4.7
Non-metallic minerals	1.7	4.2	4.5
Machines, calculating	1.2	3.2	3.7
Rye	.3	....	3.9
Lead ore	1.8	2.0	1.5
Flaxseed	3.4	2.3	.9
All other	22.1	30.1	27.4
Total	**129.3**	**165.6**	**212.7**

business could be obtained: frozen poultry; canned hams in the smaller-sized tins; fresh apples; canned fruits, particularly cherries, peaches and pears; canned wax beans, canned and frozen peas, canned corn; frozen salmon; frozen egg yolk; canned seafoods such as shrimps, oysters and lobster; electronic equipment for industrial purposes; farm machinery; hides and skins for the tanning industry; newsprint; aluminum folding garden furniture; synthetic fabrics; carpets; sports clothing, such as ski jackets and windbreakers; and new types of camping equipment.

To assist Canadian exporters in developing sales to the German market, the Canadian Government recently opened a new office in Duesseldorf, the centre of the industrial Ruhr. This region is also one of the most heavily populated areas, containing approximately the same number of people as in all Canada. Canadian firms wishing to test the German market for their products are urged to write to the Canadian Consulate in Duesseldorf, as well as to the Canadian Consulate General in Hamburg and the Canadian Embassy in Bonn, supplying full details and c. & f. German port prices covering their products. ●

Italy

RICHARD GREW, Commercial Counsellor in Rome, Italy, for the last three years, has arrived in Canada and will be making a tour of the main business centres beginning in mid-July. Here he discusses Italy's economic advance and what it means to the Canadian exporter anxious to cultivate this expanding market.

ITALY has recently been described by some writers on economics as the "miracle" country of Europe. It has made steady industrial progress —a progress that continued during 1961, when production rose 9 per cent above 1960. At the end of the year business was confident that a steady rate of expansion could be maintained in 1962. Industrial investment in 1961 totalled roughly $2,500 million, more than 20 per cent above 1960, which itself increased 22 per cent over 1959. Foreign investment reached $245 million in the first nine months of 1961, a 15 per cent rise from the previous year.

As Italy's economy has expanded, so has Canada's trade with that country. Our exports to Italy were valued at $31.7 million in 1959, rose to $66.1 million in 1960, and reached $67.7 million last year. Figuring largely among them are metals, lumber, asbestos, and other semi-processed and raw materials for use by industry, plus some agricultural products. As the Italian standard of living rises, more Canadian exporters should try selling there, possibly making use of some of the suggestions contained in this study.

One of Italy's continuing problems has been the sharp contrast between progress and activity in the North and in the South. In the past few years, the contribution of the South to the national income has remained relatively stable, at about 21 per cent. With attention given to improving conditions and opportunities there, however, the per capita income has risen considerably in the last two years. Of an investment in industrial development of about $2,500 million last year, about one third (or $800 million) was invested in Southern Italy and the area of expansion was thus broadened.

The $245 million in foreign investment in Italy in the first three quarters of the year came principally from the United States, Britain, Switzerland, and Panama. The manufacturing fields of most interest to the foreign investor included pharmaceuticals, paper, engineering products, automobiles and components, and electronics.

Agriculture Lags

Unfortunately, agriculture has not shared in the general economic advance. In fact, farm labourers have left the land and moved to the more prosperous cities and industrial centres. In the last year, it is estimated that there were 300,000 fewer farm workers than in 1960. Only 29 per cent of the Italian labour force was working on the land compared with 32 per cent three years ago.

Despite the trend away from the land, agricultural production improved by over 6 per cent compared with the previous year. Wheat showed the greatest gain; the yield on a smaller acreage totalled 8.29 million tons as against 6.8 million in 1960. Despite this improvement, imports of wheat were necessary to meet domestic consumption.

The year 1961 witnessed two important events that may improve the outlook of the farming community in future years. The first was a six-week National Agricultural Conference at mid-year. Although it was by no means an easy matter to obtain unanimity, the Conference was able to present a report to the Prime Minister which, among other things, declared that Italian agriculture suffered from fragmentation of farm units; insufficient investment; a lack of mechanization, technical training and marketing and transport facilities; an over-rigid production structure, and resistance to change.

The Conference recommended increased government financial aid to farmers. Among the proposals at present under study by the Government are the provision of 40-year state loans at 1 per cent interest to assist peasant farmers to extend their holdings and acquire larger and more efficient units, development loans for the purchase of machinery and livestock, and enabling legislation to give the Government the power to enforce farm improvements.

The other event was the final approval after a two-year debate of the "Piano Verde" or the "Green Plan". Although the Government realizes that the Plan will not settle all the problems connected with the development of the agricultural community, it does provide a comprehensive foundation of legislation for placing Italian agriculture on a firmer basis. The Plan, which extends over five years, envisages an expenditure of approximately $945 million on farm modernization, including increasing production through mechanization, breeding, experimental farming, technical assistance, rural resettlement, and state loans and grants to farmers. If the Plan is carried through, investment on the land should rise substantially in coming years. This should help prevent the extreme fluctuations between good and bad farming years which are so strongly affected by weather.

Foreign Trade

Italy, like a number of other highly industrialized countries in Europe, is singularly lacking in important industrial raw materials and particularly in many kinds of minerals. To maintain its expanding manufacturing facilities, it must bring in raw and semi-processed materials and these constitute the largest proportion of Italian imports.

Italy's imports in 1961 were valued at Can.$5,440 million, an increase of 10.5 per cent over the previous year; exports totalled Can. $4,362 million, an increase of 14.8 per cent, and the deficit on the balance of trade thus amounted to $1,078 million. This was, however, more than compensated by invisible earnings, such as tourism, emigrant remittances, and so on.

Italian statistics on leading imports are given in Table I.

Principal sources of Italian imports during 1961 were the United States (Can.$822 million), West Germany ($773 million), France ($460 million), Britain ($272 million), Austria ($172 million), Iraq ($146 million), the U.S.S.R. ($142 million), and Switzerland ($141 million).

Italy's exports reached a value of Can.$4.4 billion in 1961 and covered a wide range of products, mainly fully manufactured goods. Prominent among these were food products, textiles and clothing, chemicals, machinery and equipment, and automobiles. Some 245,000 motor vehicles were shipped to foreign markets, 20 per cent more than in 1960.

Trade with Canada

Italy bought Canadian products to a value of $67.7 million last year. Most prominent among these exports were metals—mainly iron, aluminum, copper and nickel—in primary forms and also as scrap. In 1960, durum wheat was an important export but with a good domestic harvest in the autumn of that year, Italy imported relatively small quantities of Canadian durums in 1961. Asbestos, pulpwood, lumber, salted cod, chemicals (for further processing), rapeseed, frozen eggs and wool rags and waste also figured largely in our sales to Italy.

TABLE I

PRINCIPAL IMPORTS INTO ITALY JANUARY-NOVEMBER, 1961

Commodity	Value (Can.$'000,000)
Crude oil	477
Iron and steel blooms	243
Wheat	164
Raw cotton	152
Pig iron, iron and steel scrap	149
Wool, greasy	144
Coal	134
Other machinery (non-electrical)	123
Copper and alloys	121
Softwood, sawn	116
Spare parts from non-electrical machines	97
Maize	94
Organic chemicals (other)	82
Machine tools for metals	80
Sundry industrial chemical products	75.6

Canadian imports from Italy cover a wide field and no one commodity dominates the trade. Textiles and apparel, food products, machine tools and office equipment are some of the more important categories. In 1960 and 1961, our sales to Italy have exceeded our purchases there, but Italian exports to Canada have shown a steady increase—from $37.7 million in 1959 to $42.8 million in 1960 and $44.4 million in the first eleven months of 1961.

Approaching the Market

Italy is a highly competitive market and the competition is likely to increase, for a number of reasons. One is the expansion of industry to meet the rising demand resulting from an improved standard of living; more and more goods are now made domestically instead of being imported. Second, Italy's Common Market partners benefit from lower tariffs and freight charges, compared with the Canadian supplier. Competition is particularly keen in the consumer goods field.

It is, however, virtually an open market; imports are not subject to licensing, with relatively few exceptions. (Information on goods still subject to licensing can be obtained from the Department.) The customs tariff is divided into two parts: one column gives the duties levied on goods originating in the Common Market countries, and the other gives duties on goods originating in countries that have most-favoured-nation agreements, as Canada does. For most products, the duties on imports from the EEC countries are lower than those on goods from the MFN countries. This means an additional hurdle for Canadian exporters. Import duties are ad valorem but there are also other taxes and fees that add a possible 5 to 8 per cent to the charges.

Exporters should quote either f.o.b. port of shipment or c.i.f.

Italian port; the latter is preferable. It is becoming more and more common for European firms to extend credit terms rather than insisting upon irrevocable letter of credit; Italian firms naturally prefer the former. On a first transaction a local firm might agree to letter of credit but with the growth of mutual confidence, more favourable terms should be offered.

In offering a Canadian product to an Italian importer, it is a distinct advantage to use the metric system of weights and measures. Other things being equal, the Italian will probably choose the quotation that gives metric specifications.

Occasionally it may be preferable to deal directly with importers but as a general rule, it is useful to choose a local agent to cover the territory either with his own organization or through subagents he appoints. This depends on the size of the organization.

Because the commercial and industrial heart of this country is in the North, with Milan the most important centre, it is generally advisable to concentrate on the North where the demand is greatest, both from the point of view of population and standard of living. An agent in Milan can probably provide the best coverage. Sometimes, however, it may be advantageous to appoint a representative at one of the principal ports such as Genoa. It is comparatively close to Milan, about two hours by train. In the South, Naples is the logical trading centre.

When a Canadian firm wishes to introduce a new product into the Italian market, it is advisable to submit catalogues and samples if this can be done without too much expense. In asking advice and assistance from the Commercial Counsellor's office in Rome, it is very important to supply this information, plus prices (preferably c.i.f.). This helps the office undertaking a survey of the potential market to make a reasonable comparison—after customs duties have been estimated—with similar products already on the market. ●

Grains bulk large among Canada's exports to the Netherlands, even though the country grows about 14.7 million bushels of wheat a year on farms like this one. However, the Dutch import roughly twice that amount for milling and feed.

The Netherlands

Trade with EEC partners is increasing; Dutch economy stimulated by this expansion. Canadian exports slumped in 1961 because grain shipments decreased, but steady rise is expected throughout 1962.

J. C. BRITTON, *Commercial Counsellor, The Hague.*

THE Netherlands economy continues to be strong, with business at a satisfactory level. Imports have been coming in at a record rate to meet the stepped-up demands of consumers and industry as the Dutch standard of living rises slowly but nevertheless steadily. The economy has been stimulated primarily by the expansion in trade that has developed with the Netherlands' partners in the Common Market; liberalization of trade among the Six started at the beginning of 1959. The business outlook for the remainder of the year is favourable, but there are indications that the rate of economic expansion may be moderate compared with 1960 and part of 1961.

The prosperity in recent years has created a number of problems for Netherlands economic planners. The revaluation of the guilder, the introduction of the shorter working week, and wage increases may well lead to increased prices for the country's export industries. This development in turn could reduce the price advance it has enjoyed over its foreign competitors. Meanwhile the Netherlands continues to offer expanding markets for imports of all types, from raw materials and semi-manufactured goods to manufactured products. Although the price of imported products is still all-important, the demand for quality merchandise is expanding slowly.

Trade Pattern Changes

The foreign trade pattern of the Netherlands has exhibited a marked change since the liberalization of trade among the EEC countries began on January 1, 1959. The Netherlands' EEC partners were responsible last year for almost 50 per cent of the country's imports; the actual figure was 49.2 per cent, compared with 41.7 per cent in 1958. Netherlands exports to the Common Market have followed the same trend; in 1961 they comprised 47.6 per cent of total exports, compared with 41.5 per cent in 1958. The impact of the Common Market trading boom on the country is strikingly illustrated by a comparison of total foreign trade. Netherlands exports in the period 1958/1961 increased by 28.5 per cent but in the same period exports to EEC markets rose 47.3 per cent. Dutch imports increased 35.4 per cent during the years 1958/1961, but imports from the Common Market 60 per cent. The Netherlands meanwhile has been on a buying spree: imports in 1961 amounted to Can.$5,176,240,000, a record and a sharp increase over the Can.$4,441,038,000 of 1960. Total Netherlands exports in 1961 were valued at Can.$4,361,651,200 as against Can.$3,947,159,300 in 1960. The percentage of imports covered by exports has been declining steadily since 1959: 1959=92, 1960=89, 1961=84, January/April 1962=82. Meanwhile the balance of payments naturally reflects the development in foreign trade. In comparison with 1960, when a surplus of 998 million guilders was recorded, 1961 showed a deficit of 329 million guilders.

Want to export to the Netherlands?

Remember these points . . .

- **The Netherlands is an open market and competition from manufacturers in the EEC countries, whose products enter at lower rates of duty, is extremely keen.**
- **Netherlands buyers require speedy action from exporters when samples and early shipment of orders are requested.**
- **Because the Netherlands is a small market, only one importer or agent is recommended.**
- **Quotations should be in Canadian or U.S. dollars, c.i.f. Rotterdam/Amsterdam.**
- **Netherlands importers prefer to buy on a c.a.d. basis.**
- **Netherlands firms, where possible, prefer to deal direct with producers.**
- **Because Western European manufacturers are in a more favourable position to make personal calls than Canadian suppliers, correspondence sent to Canada should be answered as fully and as quickly as possible.**

The trend of Netherlands industrial activity since 1959 has been as follows: 1953=100, 1959=139, 1960=157, 1961=159, March 1962=163.

The increase in productivity has been achieved largely by the use of labour-saving equipment. Because this involves substantial investment, profits in many cases have been lower. The introduction of the 45-hour working week, coupled with the labour shortage, means virtually full employment and the revaluation of the guilder has resulted in a 12 per cent increase in the per unit product cost. The establishment of industrial plants in the Netherlands by foreign firms has provided a definite stimulus to export trade. Undoubtedly many of these plants were located in the Netherlands because of its favourable position in the Euromarket.

Trade with Canada

Netherlands imports from Canada in 1961 were valued at Can.$28,409,306, compared with Can.$35,935,812 in 1960; the decrease in our grain shipments accounts for the sharp 1961 decline. These figures do not show the substantial transit trade in Canadian products through the Netherlands. Netherlands exports to Canada in 1961 totalled Can.$31,364,914, compared with Can.$29,485,965 in the preceding year. The revaluation of the guilder and the depreciation and stabilization of the Canadian dollar have made recent offers from Canada more competitive. Prospects for the sale of Canadian products to the Netherlands are now somewhat more favourable, because the demand for quality consumer goods continues to rise. Canadian exporters are taking advantage of the

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improved situation and sales of Canadian products to the Netherlands are now on the increase. The number of Canadian exporters visiting this country has gone up sharply this past year. Several new Canadian products have been introduced in recent months and a steady increase in imports from Canada is in prospect this year.

Wage increases arranged at the beginning of the year and the reduction in the wage and income taxes scheduled to take effect on July 1 next are expected to stimulate domestic consumption; so is the rise in the statutory old-age benefit. On the other hand, the growth of consumption will be slowed down by an estimated 2 per cent rise in the price level, because of higher house-rents scheduled to become effective on July 1 and higher labour costs. The growth rate of capital expenditures is expected to be lower than in 1961, mainly because of the moderate earning prospects for trade and industry. The increase in production for 1962 has been estimated at 4 per cent. In 1961 the rate of production in manufacturing industries rose by only 1.3 per cent as against nearly 12 per cent in 1960. The 45-hour working week, which was introduced in 1961, is considered to be the primary reason for the lower rate last year. It is expected, however, that Dutch industry will adjust to the shorter working hours during the current year and that productivity will not be as seriously affected as it was in 1961. Dutch exporters are expected to take advantage of the favourable economic climate in North America and elsewhere and despite the expected rise in labour costs and keener international competition, Dutch sales abroad in 1962 are expected to increase by 4 per cent over 1961.

Taking all factors into account, it seems probable that the Netherlands economy in 1962 will continue to expand. The rate of expansion may not equal the record of 1960, but it will still be substantial and ensure a continuation of the prosperity of recent years. ●

Greece

Greece made substantial economic progress last year, exports reached a record high and earnings on invisibles rose to $437 million. Canadian sales down because of shortage of durum wheat, but touched $5 million last year against $5.4 million in 1960.

BRUCE A. MACDONALD, *Commercial Counsellor, Athens.*

GREECE made further encouraging economic progress in 1961 and the business outlook for the current year is good. Statistics now available, recent annual statements of the Bank of Greece and of the leading commercial banks, and observations of other critical observers indicate that basic economic and social conditions were better in 1961 than in any year since the war. It may be that they were better for the people as a whole than at any time in the country's long history.

It is estimated that the gross national product reached $3.2 billion in 1961, an increase of 11.3 per cent over 1960. In the same period agricultural production (largely as a result of especially favourable growing conditions) rose by 17.6 per cent. Industrial production increased by 4.9 per cent. This marked a decline from the growth rate of 10 per cent registered in 1960 over 1959, and was probably the result of a clearing of inventories accumulated in 1960 and of caution on the part of industrialists pending the outcome of the negotiations with the EEC.

These gains were not accompanied by any inflationary trend. In fact, the cost-of-living index dropped by 1.3 per cent from January 1961 to January 1962. The index has risen less than 13 per cent in the past five years; few countries have as good a record.

Confidence in the Greek drachma as a result of the monetary stability maintained since the last devaluation of 1953 is shown by the fact that deposits in private banks again increased: they rose by 18.6 per cent during 1961 as against 1960. Between 1955 and 1961 they increased from Drs.4.0 billion to Drs. 22.1 billion, or from roughly $133 million to $733 million. This is a striking change from the old days, when Greek savings, like those elsewhere in the Balkans and the Levant, went largely into real estate, gold sovereigns or jewellery, or into foreign securities held abroad.

In a study of progress over the past decade (1950-61) the Bank of Greece recently revealed that, at constant prices, GNP in Greece had risen by 97 per cent, total agricultural output by 90 per cent, food production by 40 per cent, and industrial production by over 100 per cent. In the same period, annual per capita income rose by 77 per cent. It is a measure of the basic poverty from which all but a small proportion of the Greek people have suffered hitherto that this represented a rise in yearly income from the equivalent of only $178 in 1950 to only $318 in 1961. This is about one-third of the average of Western European countries.

The Five-Year Plan

The five year development plan which the present Caramanlis government began in April 1960 has made good progress. The basic objectives of the plan are:

(1) To raise national income by 6 per cent a year.

(2) To create new employment opportunities for at least 330,000 persons.

(3) To reduce dependence on foreign aid by increasing both visible and invisible exports.

(4) To spread economic development more evenly over the whole country (there has been a strong tendency for it to concentrate in the Athens/Piraeus area).

(5) To prepare the country for association with the Common Market by encouraging industrialization and appropriate changes in the crop pattern and general structure of Greek agriculture.

A total investment equivalent to $3.7 billion is envisaged for the whole period 1960-1964. It is expected that some $2.4 billion of this will come from private sources, because the country is wedded to the principle of free enterprise.

The Government has warned, however, that if private enterprise does not play a proper part, it will not hesitate to take steps itself to maintain the momentum of the plan. (Private capital has shown a strong tendency toward investment in real estate and in building construction rather than in industrial undertakings.) Total public investment has in fact risen in terms of drachmas (U.S.$1.00 equals Drs.30) from 901 million in 1955 to 4,120 million in 1960 and to about 5,000 million in 1961.

The public program for 1962 calls for a total investment of Drs. 9,586 million divided roughly as follows: agriculture and fishing 2,712 million; industry (including electrical power development) 2,906 million; communications and telecommunications 1,884 million; tourist trade 670 million; local programs undertaken by the officers of Nomarchs (district prefects or governors) 1,414 million.

It is expected that the successful completion of the plan in 1964 will raise the average per capita income well above the equivalent of $400 a year.

Population Increases

Three outstanding events in 1961 were the national census taken in March, the signature in Athens on July 9 of the agreement whereby Greece is to become an associate member of the EEC, and the national election held on October 28 which resulted in the National Radical Union party, led by Prime Minister Constantine Caramanlis, being returned to power.

Although detailed results are not yet available, the census showed that, since the last one taken in 1951, total population has increased from 7.6 to 8.4 million. The most striking growth took place in the Greater Athens area which has now a population of 1,853,000 as against 1,378,000 in 1951, a rise of 34 per cent.

TABLE I

FOREIGN TRADE OF GREECE

	Imports (c. & f.)	Exports (f.o.b.)	Deficit
	(U.S.$'000,000)		
1957	517.3	219.2	298.1
1958	542.0	243.1	298.9
1959	470.2	212.5	257.7
1960	520.4	208.4	312.0
1961	583.3	234.4	348.9

Apart from Crete and the Dodecanese (Rhodes and neighboring islands), most of the Greek islands (all of the Cyclades and all of the Ionian) suffered declines in population ranging from 2 to 21 per cent. Large areas of the Peloponnese also suffered losses. These declines resulted partly from emigration (emigration totalled 60,000 in 1961 compared with 48,000 in the preceding year) but the greatest factor was probably the drift to the towns and above all to the Athens area.

Foreign Trade

Table I shows (in million U.S. dollars) Greece's total merchandise imports (not including ships), and exports in 1961, compared with the four preceding years. Although exports reached record heights, imports increased even more, so that the deficit on trade account again rose to just under $350 million. Table II shows the trade by main trading areas.

TABLE II

GREEK TRADE BY MONETARY AREAS

IMPORTS	1960 Value	1960 Per cent of total	1961 Value	1961 Per cent of total
	(U.S.$'000,000)			
Common Market	197.4	38.5	232.1	40.2
United States	99.3	19.4	102.7	17.8
Sterling area	61.0	11.9	68.9	11.9
Eastern Europe	57.7	11.3	60.1	10.4
Other EMA countries	44.8	8.7	56.1	9.7
Other countries in Europe	24.0	4.7	28.7	5.0
Other Western Hemisphere	13.0	2.5	15.6	2.7
Middle East and Far East	15.4	3.0	13.1	2.3
Total	**512.6***	**100.0**	**577.3***	**100.0**

*Excludes foreign suppliers' credits.

EXPORTS	1960 Value	1960 Per cent of total	1961 Value	1961 Per cent of total
	(U.S.$'000,000)			
Common Market	67.9	32.6	74.9	31.9
Eastern Europe	45.5	21.8	52.2	22.3
United States	32.6	15.6	38.1	16.3
Sterling area	25.1	12.1	21.3	9.1
Other countries in Europe	13.0	6.2	20.0	8.5
Other EMA countries	12.6	6.1	15.9	6.8
Middle East and Far East	8.2	3.9	8.8	3.7
Other Western Hemisphere	3.5	1.7	3.2	1.4
Total	**208.4**	**100.0**	**234.4**	**100.0**

TABLE III

PRINCIPAL COMMODITIES IMPORTED

	1959	1960	1961
	(U.S.$'000,000)		
Machinery and equipment	114.5	111.1	142.9
Agricultural products for human consumption	75.4	88.8	93.4
Ferrous and non-ferrous ores and metals	49.4	57.1	66.6
Chemicals and chemical products	50.5	47.5	54.7
Textile fibres and basic manufactures	40.9	48.5	49.7
Miscellaneous manufactured items	41.9	44.8	47.5
Fuel, petroleum products	50.9	47.7	47.2
Timber, pulp and paper	30.1	35.6	39.9
Agricultural products not for human consumption	5.5	15.0	15.6
Other raw materials and basic products	8.6	9.7	10.0
Common-use items (other materials)	7.0	6.7	9.7
Total payments for all groups	474.7	512.5	577.2
Foreign suppliers' credits	−4.5	−7.8	−6.0
GRAND TOTAL	**470.2**	**520.3**	**583.2**

TABLE IV

PRINCIPAL COMMODITIES EXPORTED

	1959	1960	1961
	(U.S.$'000,000)		
Total, all exports	**212.5**	**208.4**	**234.4**
Of which:			
Tobacco and cigarettes	70.9	72.5	80.9
Currants and sultanas	29.8	27.3	29.1
Raw cotton	26.1	19.1	27.4
Citrus fruits, fresh fruits and grapes	11.9	10.6	15.8
Various ores and metals	14.3	17.4	13.4
Miscellaneous raw materials and products	7.8	9.5	11.7
Raw hides and skins	8.4	9.3	10.9
Colophony and turpentine	5.0	7.3	8.0
Military supplies	5.8	4.9	7.8
Olives and olive oil	6.4	11.3	5.2
Other agricultural products	10.7	3.6	4.0

The paramount position held by the Common Market countries in both imports and exports is apparent. The United States ranks second as a supplier and third as a buyer; the sterling area third as a supplier and fourth as a buyer; Eastern European countries fourth as suppliers and second as buyers.

Imports by main commodity groups are shown in Table III. The substantial growth in imports of machinery and equipment, and of ferrous and non-ferrous ores and metals reflect the increasing industrialization of the country.

The nature and trend of the country's export trade is shown in Table IV. Over 80 per cent of exports consist of agricultural products; tobacco alone accounts for about one-third of all exports. "Various ores and metals" consist mainly of bauxite, manganese and chrome ore, iron pyrites, barytes, and emery. "Military supplies" constitute for the most part obsolete or otherwise surplus military supplies auctioned by the Greek General Staff under careful control.

Balance of Payments

The deficit on merchandise account of nearly $350 million, shown in Table I, was more than offset in 1961, as in recent preceding years, by a surplus of invisibles. The holdings of gold and other convertible assets actually increased in 1961 by $25.5 million, bringing the total to roughly $220 million by the close of the year.

The most important of the positive invisibles in the period 1959/1961 are shown in Table V. Some have increased substantially.

Trade with Canada

Canada's trade with Greece in the last four years is shown in Table VI, DBS figures. According to the Greek National Statistical Service, the trade has been considerably larger (Table VII).

The difference in the movement from Canada to Greece in the two tables is due to some degree to the fact that the Greek figures represent c. & f. values, whereas the Canadian figures represent f.o.b. values. The main reason seems to be, however, that the Greek statistics include the value of Canadian ships purchased by Greece—ten ships valued at $4,050,000 in 1959, 24 ships valued at $5,688,000 in 1960, and nine ships valued at $5,633,000 in 1961. Greek figures for both exports and imports may also include goods moving through ports in Britain, Western Europe or the Mediterranean.

Table VIII shows principal Canadian exports to Greece in 1961 compared with the two preceding years.

Apart from wheat, Greece is by far the most important market in the Eastern Mediterranean for Canadian products. Since the United States began making wheat available to Greece against payment in drachmas, under PL480, sales of Canadian wheat have been confined to durum. Only a very small quantity of Canadian durum was available to Greece in 1961 so sales fell from $725,000 in 1960 to only $43,000 in 1961. This decrease more than accounted for the fall in total exports to Greece of roughly $400,000—from $5.4 million in 1960 to $5 million in 1961.

It should be noted that the Greek Ministry of Agriculture is encouraging Greek farmers to reduce their acreage of soft wheat in favour of growing durum and cotton.

Demand for aluminum in Greece has increased greatly over the past few years and it is certain that the rise will continue, although imports may be expected to fall sharply when the aluminum smelter planned by Franco-Greek interests is completed. Construction is to start in 1965.

Copper (both in ingots, billets and shapes, and in the form of tubing, strips, and sections) showed substantially increased sales in 1961,

TABLE V

PRINCIPAL INVISIBLE RECEIPTS*

	1959	1960	1961
		(U.S.$'000,000)	
Emigrants' remittances	88	90	98
Shipping remittances	57	74	97
Tourism	41	51	68
Inflow of investment	51	37	64
U.S. financial assistance of all kinds (incl. PL480)	54	56	55
West German credits	13	11	24
Other European loans	11	4	10
NATO infrastructure	11	16	9
Foreign embassies and missions	13	14	12
Total	**339**	**353**	**437**

*Note: A detailed statement of Greece's balance of payments for the years 1960 and 1959, as compiled by the U.S. Embassy (AID Division), Athens, was published in the July 1, 1961, issue of *Foreign Trade.*

TABLE VI

GREEK TRADE WITH CANADA

(DBS figures)

	1958	1959	1960	1961 (11 mos.)
		(Can.$'000)		
Exports to Greece	4,656	3,798	5,546	4,940
Imports from Greece	380	310	538	458
Balance in Canada's favour	4,276	3,488	5,008	4,482

TABLE VII

GREEK TRADE WITH CANADA

(Greek figures)

	1958	1959	1960	1961
		(Can.$'000)		
Imports from Canada: (c. & f.)	4,433	8,496	11,784	10,800
Exports to Canada: (f.o.b.)	627	1,418	1,737	633
Balance in Canada's favour	3,806	7,078	10,047	10,167

TABLE VIII

PRINCIPAL CANADIAN EXPORTS TO GREECE

	1959	1960	1961
		(Can.$'000)	
Aluminum in primary forms	594	1,079	1,255
Copper ingots, bars, billets, shapes	352	186	738
Flaxseed	537	587	402
Dressed furskins	160	295	396
Sheet and strip steel	....	227	255
Seed potatoes	606	125	191
Pneumatic tires	486	472	185
Newsprint	48	42	185
Copper strip, tubing and sections	27	115	170
Synthetic rubber	....	90	148
Dressed mink furs	....	....	116
Asbestos, raw	....	41	74
Tissue and sanitary paper	....	3	60
Pharmaceuticals, antibiotics, etc.	45	27	55
Bolts and nuts	20	48	53
Calfskins and kips, raw	5	102	48
Durum wheat	....	725	43
Plastic raw materials	33	2	39
Powdered milk	12	81	30
Mining, excavating, and related machinery and parts	19	42	28
Total of these 20 exports	**2,944**	**4,289**	**4,471**
Total value of all exports to Greece	**3,798**	**5,456**	**4,955**

TABLE IX

PRINCIPAL CANADIAN IMPORTS FROM GREECE

	1959	1960	1961 (11 mos.)
		(Can.$'000)	
Total, all imports	**310**	**538**	**458**
Of which:			
Olives in brine	53	88	72
Manufactures of fur n.o.p.	1	28	69
Canned vegetables	9	24	44
Dried figs and fig paste	17	46	43
Sponges of marine production	41	52	40
Wines, non-sparkling	25	24	32
Turkish tobacco unstemmed	43	34	30
Olive oil	26	68	22
Brandy	16	17	17

as did furs, sheet and strip steel, seed potatoes, newsprint, synthetic rubber, raw asbestos, tissue and sanitary paper, pharmaceuticals and antibiotics, bolts and nuts, and papermakers' felts.

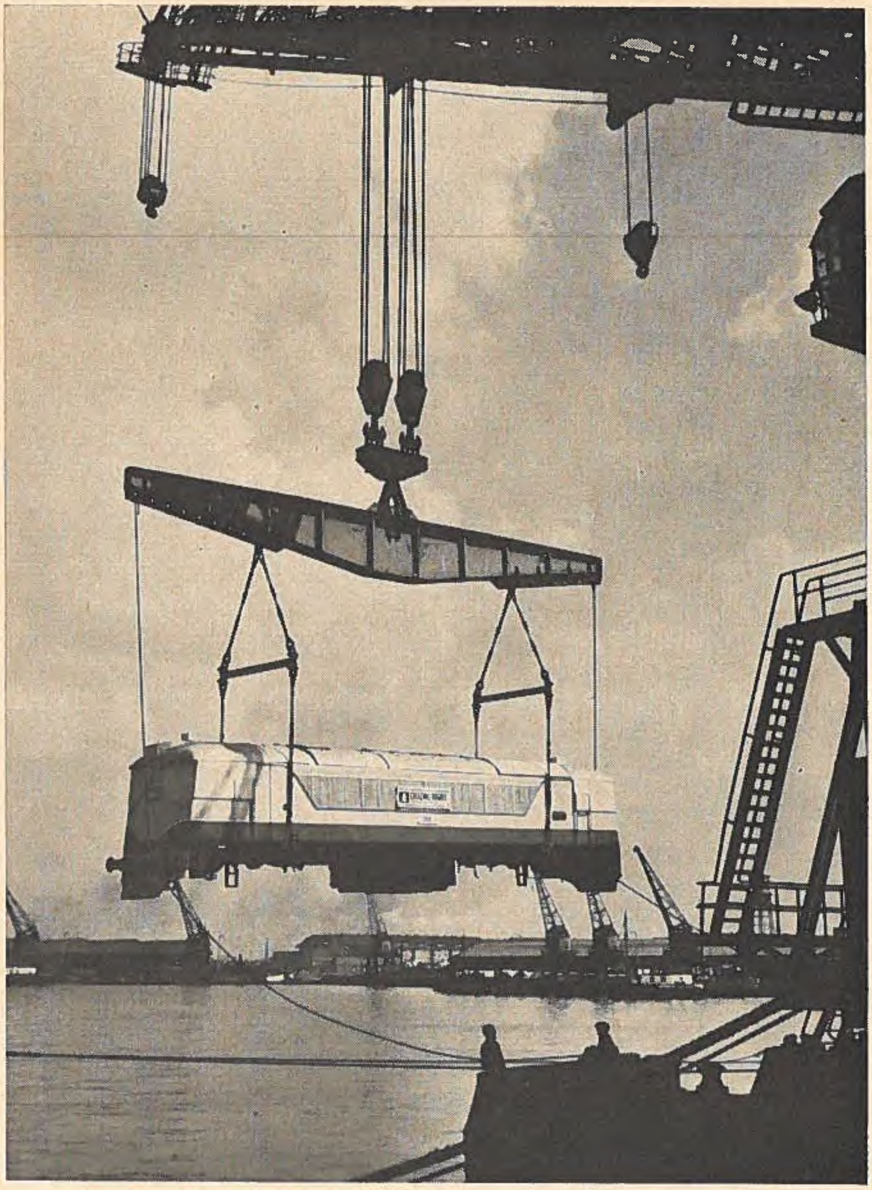
Canadian products that entered the Greek market in 1961 for the first time, or for the first time to any important extent, were dressed mink furs, tinplate, baby chicks, tissue and sanitary paper, papermakers' felts, and drilling equipment (diamond bits).

The commodities with smaller sales to Greece in 1961 may be divided into two groups: those for which, for one reason or another, prospects are poor, and those the decline in which in 1961 was perhaps only temporary.

Examples of group one are pneumatic tires; reaper threshers, combines and farm tractors, mining machinery, etc.; household equipment, such as electric stoves, refrigerators, washers and heaters, and passenger cars. The Pirelli Company opened Greece's first tire factory in late May. This new plant at Patras is large and modern with a capacity, it is reported, for supplying almost the entire Greek demand for automobile and truck tires. The other products mentioned are likely to come eventually from the Common Market countries.

Examples of group two are durum wheat (until domestic production greatly increases), flaxseed, wood pulp, calfskins and kips, canned pork and hams, powdered skim milk, whisky, and firebrick and refractories.

Table IX shows Canada's principal imports from Greece in the order of their importance in 1961 (first 11 months), as compared with the two preceding years. ●



At the bustling port of Antwerp, a Belgian-made diesel-powered locomotive is loaded onto a vessel that will carry it to a foreign customer. Iron and steel and their products rank among Belgium's major industries and exchange earners.

Belgium

Rapid economic recovery in 1961 has continued; prosperity has brought increased spending. Imports rose 5.7 per cent last year but imports from Canada rose 10 per cent. Prospects best for grains, industrial raw materials; manufactures face stiff competition.

A. A. LOMAS, *Assistant Commercial Secretary, Brussels.*

ON January 1, 1961, Belgium's economic prospects in the coming year were bleak indeed, with the country gripped by widespread strikes, plants shut down, and business at a standstill. Following the end of the unrest in February, however, recovery was rapid. Twelve months later, Belgians could look back on a year of healthy economic growth and could anticipate an even better one in 1962.

This success has had a stimulating effect on the national psychology. Until recently it was fashionable both for Belgian and foreign observers to emphasize the economic problems which, in comparison with its Common Market partners, made Belgium appear "the sick man of Europe". The balance is changing now and although cautious businessmen are reluctant to admit it, the Belgians are enjoying a record level of prosperity in which some of the difficulties have actually been turned to advantage. Thus the Congo separation with its attendant loss of trade and investment opportunity has brought about the repatriation of thousands of skilled and ambitious citizens. It has also caused investors to seek profitable employment for their money within the country.

For most of the postwar period, Belgium enjoyed the highest wages and standard of living of the Six, forcing it to concentrate on productivity in order to compete in European markets. Now production costs are rising in the other EEC countries and internal tariffs are dropping. In 1961, according to the EEC Commission, Belgium was the only one of the Six in which gains in productivity were greater than wage increases. This has placed its exports in a solid competitive position and has enhanced its reputation for wage and price stability.

Foreign Investment High

Belgium has had a small amount of unemployment, accentuated by the closing of some marginal coal mines under a European Coal and Steel Community agreement. This availability of labour, combined with a reputation for productivity and stability, has made Belgium one of the most attractive areas for capital investment in the Common Market; this investment in 1961 was about 25 per cent above the previous year. Although most of it came from within the country, indicating a new confidence on the part of Belgian businessmen, foreign firms and their subsidiaries spent an estimated $135 million in setting up 230 new establishments. U.S. companies accounted for about 60 per cent of this amount.

This has had a tonic effect on the economy and particularly on the construction industry which, in turn, encouraged production and sales in the important cement and structural-steel sectors. Now in mid-1962, in fact, signs point to the development of a major building boom, with large public works under way in highway, canal and port projects and residential construction up almost 10 per cent over 1960.

Financial Problems

Last year, problems were evident in the field of public fiscal policy, where the Government had come to depend on the capital market to finance long-term projects and even current operations at the expense of private investment. This question is being tackled with such vigour and determination, however, that at the beginning of 1962 one of the leading banks went on record as saying that: "Reluctantly enough, we are bound to approve the government measures en bloc, even those which reflect an over-great interference by the State in the private sector."

On the credit side, national finances are in good condition. Gold and foreign exchange reserves stood at $1.3 billion at the end of 1961, a net increase of $100 million during the year despite an adverse visible trade balance of some $285 million. During the first months of this year, improvement in the balance of payments continued. In response, by March the Central Bank discount rate had been decreased to 4 per cent from the 5 per cent of a year ago.

Full Employment

Nevertheless, new difficulties may develop this year as a result of the high level of economic activity. Employment is now virtually full with only about 25,000 persons seeking work, and it seems inevitable that pressures will build up against the remarkable stability that has been maintained in Belgian wage-price relationships. Over-all, wages have increased by only 8.5 per cent since 1958 and in the same period retail prices moved up only 4 per cent. Although labour shortages are already developing in the construction and metalworking industries, there appears to be some labour reserve among the under-employed in agriculture and distribution, where the next few years will see a growing trend towards larger operating units and greater efficiency in the use of labour. It is interesting to note the trend in employment during the past decade in the light of these comments. (See Table I).

TABLE I

TOTAL BELGIAN LABOUR

Branches of Activity	1950	1960
Agriculture, forestry, fishing	368,000	257,000
Extractive industry	183,700	130,700
Manufacturing industry	1,126,700	1,173,200
Building and construction	211,700	240,700
Electricity, water, gas	27,800	29,700
Commerce, banks, etc.	471,700	497,500
Transport and communications	250,000	240,200
Services	666,600	814,400
Armed forces	65,300	111,100
Total	**3,371,500**	**3,495,000**

These conditions of full employment and a high level of economic activity are reflected in a general and widespread prosperity. The trend of 1960 towards a levelling-off in expenditure for essentials has continued and most new purchasing power is now directed towards non-essentials and savings.

Evidence of this prosperity is everywhere visible—in the crowds thronging the well-stocked stores, on streets and highways more and more crowded with late-model cars, and in mushrooming residential suburbs where attractive and ample new houses are springing up on land only a few months ago devoted to Brussels sprouts and chicory. Corporations too are sharing the good times, and a recent report indicates that average net profits in 1961 were about 5 per cent above the preceding year's levels.

TABLE II

DISPOSAL OF BELGIAN INCOME

	1959	1960	1961	Per cent change
	(billions of francs)			
Food	118	119	120	+ 0.8
Clothing	48	49	51	+ 4.1
Lodging	36	37	39	+ 5.4
Heating and furnishings	38	40	43	+ 7.5
Travel, education, etc.	47	51	55	+ 7.8
Luxuries and pleasure	53	59	65	+10.2
Taxes	45	49	52	+ 6.1
Savings	37	41	46	+12.2
Total	**422**	**445**	**471**	+ 5.8

GNP Has Risen

Generalizing, it appears that Belgian gross national product increased by about 4 per cent over 1960; estimates of industrial production alone place its growth between 5 and 6 per cent. Many sectors of the economy showed even better results than these averages, however, particularly construction and metalworking.

In coal-mining, however, both employment and production dropped further, although output per worker was 8.5 per cent higher as a result of the closing of 12 inefficient pits. Five more collieries are scheduled to be closed down in 1962; this will reduce the total in operation to 58.

Belgian production of steel last year dropped by 2.7 per cent to 6.9 million tons, largely as a result of the general strikes that shut down most of the mills during January. Continued price softness meant little incentive to make up this loss and output for the first months of 1962 continued at reduced although gradually increasing levels.

In the important non-ferrous metals industry, conditions were better. Production of copper reached a record 223,000 metric tons and output of zinc and lead was slightly higher than in 1960. Output of semi-finished products, principally of copper and aluminum, increased by 8 per cent to 270,000 metric tons and total deliveries in the metal-fabricating industry were up by almost 11 per cent. Activity in the glass industry declined slightly; output of chemicals, textiles and paper all showed some improvement.

Agriculture, on the other hand, suffered from bad weather which lowered the quality of wheat and the quantity of sugar beet produced. Although such important commodities as fruit, dairy products and livestock showed gains, the record production figures of 1960 were not matched last year. Initial implementation of the EEC common agricultural policy in mid-1962 is expected to bring about gradual changes in Belgian farming by stimulating a trend towards larger holdings and greater emphasis on high-value output such as meat, poultry, dairy products, fruit and vegetables. At present, agriculture employs about 9 per cent of the working population but produces only 5 per cent of national revenue.

TABLE III

BLEU TRADE PATTERN IN 1961

(billions of francs)

Country	Imports from	Per cent change from 1960	Exports to	Per cent change from 1960
West Germany	17.8	+0.8	15.4	−0.4
Netherlands	15.3	+0.4	23.4	+2.1
France	14.7	+1.1	11.2	+0.8
United States	8.9	−1.1	9.2	−0.3
Britain	7.6	+0.2	5.3	−0.2
Congo	5.3	−1.4	1.0	−0.6
Sweden	3.1	+0.1	3.0	+0.1
Italy	2.8	+0.2	3.2	+0.1
Canada	1.3	+0.1	1.1	N/C

TABLE IV

CANADIAN EXPORTS TO BLEU

	1959	1960	1961	Change 1961 from 1960
	(in millions of dollars)			
Total exports	**56.2**	**69.1**	**76.1**	+ 7.0
Of which:				
Wheat	18.7	19.3	30.7	+11.4
Asbestos	4.3	5.5	5.3	− 0.2
Lead and zinc	2.5	2.8	4.9	+ 2.1
Iron, steel and alloys	0.7	2.3	4.2	+ 1.9
Copper and brass	2.6	3.2	3.6	+ 0.4
Aluminum	4.1	5.6	3.5	− 2.1
Lumber, pulp and paper	1.2	2.7	3.3	+ 0.6
Iron ore	0.6	1.3	2.7	+ 1.4
Nickel	6.3	11.6	2.7	− 8.9
Seeds	2.8	2.0	2.1	+ 0.1
Aircraft and parts	2.9	1.4	1.6	+ 0.2
Chemicals, synthetic resins	1.2	2.0	1.3	− 0.7
Fish products	1.1	1.1	1.1	N/C
Other	7.2	8.3	9.1	+ 0.8

Exports to EEC Increase

In view of the high level of industrial activity, it seems appropriate to ask to what extent Belgium's current prosperity depends on and derives from its participation in the European Common Market. As a small country lacking in most natural resources and with a restricted domestic market, Belgium must depend on its foreign trade both to furnish industrial raw materials and to provide its industry with export markets. Its prosperity depends on these exports and, increasingly, its exports go to other EEC countries. On a per capita basis, Belgium is the leading trader of the Common Market, with exports per head valued at $400 against $360 for the Netherlands, $220 for Germany, $150 for France and $80 for Italy. About 37 per cent of total Belgian production is now exported and of this, 53 per cent went to other EEC countries last year, as against 35 per cent in 1952. Although the tariff policies of the Six have brought higher duties on some traditional Belgian imports from third countries, the gradual lowering of duties within the Community has stimulated Belgian sales within the group and there is every indication that this trend will continue. The same is true for imports, 50 per cent of which come from EEC suppliers, and Belgian consumers are currently being treated to a whole new range of products from France, Germany and Italy, competitively priced and often merchandised under such slogans as "Common Market quality".

During 1961, both imports and exports reached new records. Exports, worth U.S.$3.9 billion, were almost 4 per cent ahead of 1960, and imports of $4.2 billion were 5.7 per cent over the previous year. Canada shared in this larger Belgian market for imports, with sales last year worth $76.1 million—almost 10 per cent over 1960 figures. Although complete statistics for Canadian imports from Belgium were not available at the time of writing, it appears that these were slightly higher than the 1960 total of $41.4 million.

Because of recent changes in DBS statistical classifications, it is difficult to make exact comparisons with export figures for previous years. Table IV, however, shows the general trend.

Once again, the most important Canadian exports were raw and semi-finished goods and food products, with the commodities listed in Table IV accounting for almost 90 per cent of total sales. Some of these exports made sizable gains, especially wheat which made up 40 per cent of the total, and also lead and zinc metal, steel rolling mill products, lumber and iron ore.

Exports of more highly manufactured products showed little change, emphasizing once more the growing difficulties in selling such goods in this extremely competitive market in the face of changing European tariffs and the high costs of transportation across the North Atlantic.

U.S. Is Fourth Supplier

The pattern of U.S. sales to Belgium has some significance for Canadian exporters because U.S. and Canadian firms must often cope with the same conditions. Last year the U.S. ranked fourth as a supplier to BLEU with sales worth U.S. $408.5 million, 8.7 per cent of total imports. In order of value, the leading commodities were industrial machinery, grains and preparations, motor vehicles and parts, raw cotton, industrial chemicals, plastics and resins, medical and pharmaceutical preparations, petroleum and products, rubber manufactures and electrical machinery.

For many of these products, U.S. sales are stimulated by corporate connections in Belgium; for example, the leading U.S. car-makers have their continental assembly plants in Belgium to which U.S. models are shipped for completion and distribution. Additionally, longer U.S. production runs and lower per unit prices, strong international advertising and a wider variety of products often give the competitive edge to U.S. manufacturers.

For Canada, it seems likely that the existing export pattern will be maintained. Continued industrial expansion in Belgium, with emphasis on the processing of imported raw materials for re-export, should keep demand high for Canadian metals and minerals, and it is hoped that rising production costs in Europe will permit larger sales of forest products.

Opportunities can always be developed, however, for products that are competitive in price, quality and design, and Belgian importers and traders are anxious to receive such offers. Standards of living are rising, imports are increasing, and consumers are buying imported goods, usually without preconceived resistance to North American manufacture. In such circumstances, this is a market worth investigating, either through the Trade Commissioner office in Brussels, or better still, by a personal visit. ●

Luxembourg

THE Grand Duchy of Luxembourg, although it is one of the world's smallest nations, is an important partner in the European Economic Community. Since 1922, this country has been linked with Belgium in the Belgo-Luxembourg Economic Union (BLEU) and with the abolition of customs frontiers between the two states, its foreign trade has been grouped with that of its larger neighbour. In other respects, its sovereignty and independence are maintained, subject only to increasing political and economic integration called for by its membership in three European Communities.

Luxembourg has a total area of approximately 1,000 square miles—about half the size of Prince Edward Island—and a population of 315,000. The basis of its economy is the steel industry, which last year produced 4.1 million tons of steel, employed 60 per cent of its labour force, and accounted for 60 per cent of its industrial production. This industry, in turn, is based on rich iron ore deposits; output of iron ore in 1960 reached 7.5 million tons. In addition, about 6.5 million tons of ore were imported and 4 million tons of coke. Almost 95 per cent of the finished steel was exported, mainly to other countries of the European Coal and Steel Community.

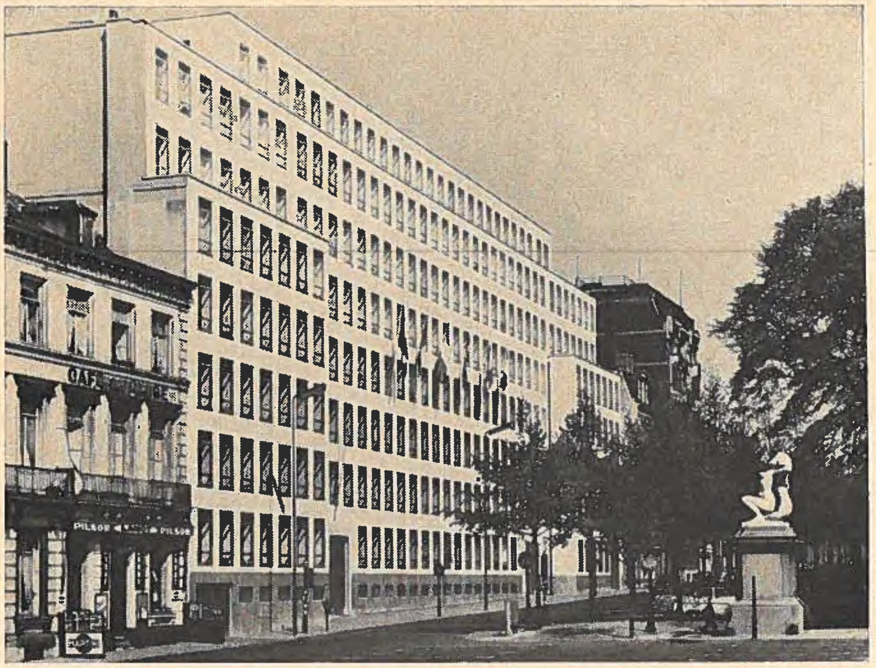
Although steel is its leading industry, Luxembourg has other important forms of economic activity. Over 300,000 acres are under intensive cultivation and agricultural products include wheat, potatoes and dairy products. Luxembourg vineyards are justly famous, producing in an average year about 85,000 hectolitres of fine Moselle wine, much of which is exported.

Other industries include food processing, tobacco manufacturing, brewing, chemical production and mining of non-metallic minerals, particularly building stone.

In general, 1961 was a good year for Luxembourg, with gains in most areas of business and industry. National income increased by about 10 per cent over 1960, mainly because of a slight increase in steel output, and the index of industrial production moved up by about 3 per cent. As in Belgium, however, the problem of over-employment is developing and it is reported that Luxembourg will need to import foreign labour to maintain these increases.

As a market for Canadian products, Luxembourg is best served by agents and importers in Belgium, bearing in mind its close international trading connections with that country.

—A. A. LOMAS,
Assistant Commercial Secretary, Brussels.



Headquarters of the Commission for the EEC is this building in the Avenue de la Joyeuse Entrée in Brussels. The Commission is presided over by Walter Hallstein, has three vice-presidents, and is divided into eight sections, including administration.

European Trading Arrangements

A Progress Report on:

- Developments within the EEC
- EEC's common agricultural policy
- Steps taken by EFTA
- Britain's proposed membership in the EEC

European Division, International Trade Relations Branch.

EVENTS of great significance have taken place in trade developments in Europe over the last year. Of particular importance for Canada was the decision by the British Government to apply for membership in the European Economic Community. Nine other European countries have also taken steps looking to some form of association with the Community. Early this year, the Six reached agreement on a common agricultural policy designed to lead to a common market in agricultural products within 7½ years from July 1, 1962. Following this major decision, the Community decided to move from the first to the second stage of the transition period provided for in the Rome Treaty. In addition, the EEC announced reductions in its common external tariff through the conclusion of tariff negotiations with the United States and other countries conducted under the GATT.

European Economic Community

The six members of the Community generally continued to enjoy a rapid rate of economic growth and low levels of unemployment. Industrial production in the Community rose by about 6.5 per cent in 1961 and despite rather poor harvests, gross national production increased by more than 5 per cent during the same period. The total value of trade between members of the EEC reached nearly $12 billion in 1961, an increase of 16 per cent over 1960. In general, the Community's internal trade has developed more rapidly than its trade with the rest of the world; it has become the world's largest exporter and importer. Imports and exports reached slightly more than $20 billion in 1961, 5 per cent more than in 1960. Canadian exports to the Community increased to nearly $500 million in 1961, a rise of more than 22 per cent over the last five years.

In order to implement the aims of the Common Market Treaty, some important steps were taken over the past year in the establishment of common transport and commercial policies, the free movement of labour and capital, and the regulation of restrictive trade practices. In transport, the Community has adopted its first regulations to ban discrimination in freight rates and the like on grounds of nationality. Many of the regulations are already being implemented. In the field of trade relations, it has been agreed that joint consultation shall precede any future bilateral negotiation of trade agreements. This means that to the extent that individual members of the EEC may wish to enter into separate bilateral agreements with third countries, there must be price consultation with their partners in the Community. The Community has also issued its first directives for removing the obstacles to free movement of Community workers and programs have been approved for the removal of restrictions on the supply of services across national borders and on the right of establishment throughout the Community. At the beginning of 1962, the Ministers also agreed on proposals for a Community-wide system of rules governing fair competition. This provided, among other things, for notifying the EEC Commission of the existing industry arrangements and for the automatic prohibition of certain types of agreements among industries in the Community.

First and Second Stages

With the approval of recent measures covering agriculture referred to below, the EEC Ministers agreed that the Community had fulfilled the essential objectives of the first four-year stage of the establishment of the Common Market. Indeed, in the field of tariffs and quotas the Six are ahead of the Treaty's time-table. Internal tariffs have been reduced among the Six by 40 per cent on industrial products, 30 per cent on liberalized agricultural products, and 35 per cent on those agricultural products still subject to import restrictions. The first of three steps towards the common external tariff due only by the end of 1961 was in fact made one year earlier on industrial products. Agricultural products were aligned for the first time on January 1, 1962. Industrial quotas between member countries were completely eliminated by December 30, 1961. In view of these developments, the Council decided on January 14, 1962, to move to the second four-year stage of the transition period provided for in the Rome Treaty. This means that for the remainder of the transition period, decisions covering the establishment of the Community will be based on majority rule rather than the rule of unanimity that prevailed during stage one.

The tasks for the second stage will again cover a large area of activities. On May 15, the Council of Ministers decided to accelerate the time-table for the internal reduction of tariffs among the Six, effective July 1, 1962. On that date internal tariff reductions will have removed one-half the previous level of protection as between member states on industrial goods and 35 per cent across the board on agricultural products. Under the Treaty, the next scheduled round of internal tariff reductions is to take place on July 1, 1963, and the second alignment of the national duties toward the common tariff is to be effected at that time.

Common Agricultural Policy

The most important recent decisions taken by the Six concern the working-out of a common agricultural policy. On January 14 this year, the EEC Council of Ministers adopted a series of decisions aimed at the phased establishment of a single market in agriculture by January 1, 1970, beginning July 1, 1962. This will involve reaching a common level of internal prices by that date, common or co-ordinated support measures, and common action on imports and exports. The decisions taken by EEC Ministers provide the framework for the gradual establishment of a market organization for grain, pork, poultry, eggs, fruits, vegetables and wines. The Ministers also adopted decisions setting up an Agricultural Orientation and Guarantee Fund, rules of competition, a minimum price system, treatment of processed agricultural products, quotas for wine, and the principles underlining the type of market organization to be adopted later for beef, dairy products and sugar.

Agricultural support will be based almost entirely on price, as against a wide range of protective measures at present practised by EEC member states. Market support operations are envisaged for certain products (grain, butter, possibly pork); for most of the principal forms of agricultural output in the EEC, the desired price level will be assured by a system of minimum import prices whereby levies are used to make up the difference between that level and the landed cost of imports. With the alignment of prices among EEC member states, agricultural products will move freely within the Community.

An import levy representing the difference between the EEC internal price and the lower world market price will be the principal instrument of protection for the domestic product. The present system of tariffs—often accompanied by quantitative restrictions, state trading, mixing regulations and other forms of control—will be abolished. This new regime will come into force first for grains, pork, poultry and eggs, and later for dairy products and sugarbeet. A fixed tariff will provide the main form of protection for the domestic industry in beef and veal, and fresh and processed fruits and vegetables.

Preliminary information has also been released on proposals of the Commission for dairy products, beef and veal which, upon approval of the Council of Ministers, will come into force on November 1. Protection for beef and veal will rest on tariffs (which will be eliminated between member states by April 1,

1966) coupled with a minimum import price for trade with outside countries. Trade rules for dairy products will be similar to those for grain; levies will bring the prices of imported products up to the desired level for the domestic market and import certificates provide a means of further possible control.

European Free Trade Association

In signing the EFTA Convention on January 4, 1960, the governments of the seven member countries had two major objectives in view: to create a free trade area among themselves, and ultimately also to achieve Europe-wide economic integration.

In the last year, two important steps have been taken. The British Government decided to apply for membership in the European Economic Community and the other EFTA member countries followed suit, asking for some form of association with the Common Market. In addition, a further cut has been made in internal tariffs as among the EFTA members. At the Ministerial meeting on July 28, 1961, the EFTA Ministers issued the "Geneva Declaration". In this declaration, all member states of EFTA announced their intention to examine with the European Economic Community methods by which all members of EFTA could take part in an integrated Western European market. The Ministers also confirmed the basic principles that should guide the EFTA members during their negotiations with the European Economic Community. Some member countries had indicated that they could not accept the political obligation inherent in full membership because of the conflict with traditional neutral positions. Regardless of the form of association being negotiated, however, all EFTA countries agreed to co-ordinate their actions and remain united during the duration of the negotiations. On August 2, the Council of the EEC was formally notified of the text of the Geneva Declaration.

In the implementation of the EFTA arrangements, it was decided to advance the next reduction in tariffs among member states by four months—from July 1, 1962 to March 1, 1962. In accordance with this decision, the industrial tariffs of five member countries were reduced by another 10 per cent, making a total reduction in internal tariffs of 40 per cent since the formation of the Association. For imports into Austria from member countries, a corresponding reduction will be made on July 1, 1962, and for Norway a similar reduction will be made not later than September 1, 1962. These accelerated tariff cuts extend to imports from Finland, which is associated with EFTA under a separate agreement.

EEC and Britain

Following the announcement by the British Government of its decision to apply for membership in the European Economic Community, negotiations were opened in Brussels in October. In entering into these negotiations, the British indicated that they were prepared to accept a common tariff with the Six and to participate in a common commercial policy and a common agricultural policy. The three major problems for which solutions needed to be sought were referred to by the British Lord Privy Seal in his opening statement in the negotiations as Commonwealth trade, British agriculture and arrangements for the EFTA countries.

In British agriculture the problem relates to the differences in the agricultural support systems and in the dependence on imports of Britain and the European Economic Community. Britain has a system of deficiency payments designed to maintain British farm income through direct payments to the farmer. Imports of agricultural products into the British market are, with few exceptions, free of import controls and Commonwealth agricultural products generally enter free of duty. The Common Market countries, on the other hand, maintain a system of direct market price supports for agricultural products protected against outside competition by variable levies, tariffs and/or other protective measures.

As for EFTA, as noted above the countries of the European Free Trade Association agreed to co-ordinate their actions and to examine with the EEC methods by which all could take part in an integrated Western European market.

In Commonwealth trade, the British have indicated that they could not accede to the Common Market without safeguards for the essential interests of Commonwealth countries. At the present time Commonwealth goods enter the British market free of duty and in most cases enjoy tariff preferences there in competition with non-Commonwealth suppliers.

The negotiations covering these various problems are continuing in Brussels and what the outcome may be remains to be seen. The British have indicated that no final decisions on membership will be taken before full consultation with Commonwealth countries at a Commonwealth Prime Ministers' Conference scheduled for September 10.

For More Information . . .

If you would like further information on the countries covered in this issue, the following articles that have appeared in *Foreign Trade* during the past year may be helpful.

Belgium-Luxembourg

"What Kind of a Market is Belgium?", August 26, 1961.

"How Belgium's Timber Trade is Organized", April 7, 1962.

France

"France Sets up Fourth Plan", January 13, 1962.

"The French Market for Fruit and Vegetables", December 16, 1961.

Netherlands

"Netherlands Agriculture: The Record Reviewed", August 12, 1961.

"Market in Brief", June 2, 1962.

West Germany

"West German Agriculture", January 13, 1962.

"North Rhine-Westphalia: a Booming German Market", March 10, 1962.

The OECD Ten Months Later

In ten months of its official life, the Organization for European Co-operation and Development, to which Canada belongs, has held a Ministerial meeting, which agreed upon a target for economic growth in the next decade. It has also set up a number of committees charged with specific responsibilities in specific fields.

G. W. GREEN, *General Relations Division, International Trade Relations Branch.*

THE Organization for Economic Co-operation and Development began its official existence on September 30, 1961. Nearly two years had elapsed since it was first agreed, at a Western summit meeting late in 1959, that a new international body should be established in which the European and North American nations might work more closely together in dealing with the economic problems and challenges of the future. By December 14, 1960, affairs had moved rapidly enough that Ministers from the twenty proposed member countries were able to meet in Paris to sign the Convention and other instruments which defined the new Organization. During the months that followed, the nations concerned sought ratification of these signatures by their parliaments. Canada was the first to deposit its instrument and this action was soon followed by a sufficient number of other countries to bring the Convention into force at the end of September. Today all twenty nations are full members: Canada, the United States, and the 18 European nations which formerly comprised the OEEC—Austria, Belgium, Britain, Denmark, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and Turkey.

Coming into Being

The manner in which the OEEC (Organization for European Economic Co-operation) was reconstituted to form the OECD, as well as the historical background to these events, has already been described in a previous article (*Foreign Trade,* January 28, 1961). To summarize briefly, economic recovery and the move to convertibility of currencies had put an end to the problems—essentially transition problems—that Europe had had to face during the early postwar years. At the same time, national economies were becoming increasingly interdependent, a development that appeared to demand a greater degree of co-ordination of economic policy if the Free World were to maintain a high and sustained rate of economic growth. The industrialized member nations were also developing new responsibilities in providing the less-developed countries with technical assistance and other resources. Finally, the Six-Seven trade split in Europe and the efforts being made to reduce these differences appeared to have important implications not only for intra-European relations but for the North Atlantic Community and international trade relations in general.

These various responsibilities, particularly those involving the less-developed countries, did not appear to be matters with which the OEEC was equipped to deal. It was suggested that a new organization in which the United States and Canada could participate as full rather than associate members would be a more appropriate and effective instrument for the future.

The nine months or so that have elapsed since the coming into force of the Convention have provided some opportunity to observe how the OECD is actually functioning and the methods by which it is working towards its stated objectives. Perhaps the most important initiative was taken at an early stage in the life of the new Organization. On November 16 and 17, 1961, the first meeting of the Ministerial Council took place under the chairmanship of the Hon. Donald M. Fleming, Minister of Finance. Noting the substantial economic growth in member countries during the decade just past, Ministers agreed on the desirability of establishing a firm target for further progress. Under conditions of price stability and the necessary provision for investment, it was noted, rapid growth facilitated the harmonious development of the world economy, helped to promote a liberal world trading system, provided a necessary foundation for rising living standards, and ensured a high level of employment. It also enabled the industrialized nations to contribute more effectively to the development of less-advanced countries, both through the provision of financial and technical assistance and through a widening of their export markets and the increase of their export revenues.

It was accordingly agreed to set as a collective target the attainment during the decade 1960-1970 of a growth in real gross national product of 50 per cent for the twenty member countries taken together. It was recognized that the rate of growth might vary from year to year and from country to country and that, since it is a collective target, individual countries might fall short of or exceed it in varying degrees. However, each member would be asked to make as effective a contribution as its own special circumstances would permit. This contribution would be supported and made still more effective by simultaneous expansion in other countries. An increase in output of this size, it was agreed, would call not only for firm national economic policies but for their continued coordination through the Organization's procedures of consultation and confrontation.

The growth target has re-emphasized not only the increasing interdependence of the separate economies of the twenty member countries, but the degree to which the various sectors of each individual economy are inter-related. This latter point has been clearly shown by the manner in which the Ministerial initiative was taken into account in the terms of reference and the operational programs of the various subsidiary bodies that go to make up the Organization, and by the continued emphasis on close liaison among them.

Economic Policy

Among the so-called "senior" committees of the OECD, the one that bears the heaviest responsibility for achieving its aims and objectives is undoubtedly the Economic Policy Committee. This body is responsible for reviewing the economic and financial situation and policies of member countries, with special emphasis on their international effects. The senior officials responsible for advising on economic policy in their respective countries are thus given the opportunity to exchange ideas, forecasts, suggestions and criticisms. In addition to these general discussions, special working parties have been established to study the particular problems of economic growth and of international payments. A third group has recently been set up to examine prices and costs of production. The work of this committee, in which Canada plays an active part, is thus basic both to the aims of the Organization and to most of the problems being considered in the other committees.

Development Assistance

The Development Assistance Committee, which reflects the North Atlantic Community's new responsibility towards the less-developed nations, is the successor to the Development Assistance Group which was established quite separately early in 1960 but which has since been absorbed into the Organization. Like its predecessor, this committee is a restricted body, consisting of only nine of the major capital-exporting member countries, including Canada. Japan, although it is not a member of the OECD, participates in the Committee's work by virtue of its position as an important donor nation.

The general function of the committee is to consult on the most effective methods for making national resources available for assisting countries and areas in the process of economic development, and for expanding and improving the flow of long-term funds and other development assistance to them. Various sub-groups have now been set up to study the possibility of expanding the total volume of resources being made available and of increasing their effectiveness, to facilitate the exchange of experiences, and to carry out (as necessary) reviews of national technical assistance activities and institutions. Discussions are going on as well on the possible establishment of a Development Centre. Through this centre, existing knowledge and experience of the problems involved in planned economic development and in the formulation and execution of general economic policies may be brought together, developed, adapted, and placed at the disposal of less-developed countries.

The OECD does not intend to establish and administer aid programs of its own. It is not expected to limit or change the nature of Canada's existing programs, such as the Colombo Plan, nor involve any direct Canadian obligation to provide additional assistance.

Trade Problems

The Trade Committee, in dealing with the third of the major fields emphasized by the Convention, has so far concerned itself only with a preliminary study of certain general trade problems of immediate relevance. Among the subjects suggested for further analysis and possible confrontation are the remaining quantitative import restrictions applied by member countries against agricultural and non-agricultural products, technical and administrative obstacles to trade, export credits and credit guarantees. Ways in which the committee may assist the export trade of the less-developed countries outside the Organization are also being studied. Close liaison is being maintained with other interested bodies, such as the Agriculture and Development Assistance Committees. Finally, in accordance with its need to be kept informed, the committee is receiving regular reports on changes in the trade policies and practices of member countries.

Other Studies Going On

At the same time, the other subsidiary bodies of the Organization are working actively in their respective sectors to meet its objectives. The Economic and Development Review Committee, which holds detailed annual examinations of the economic situation of member countries, provides the raw material and background for policy consultations. Its continuing study of the development plans of the less-developed member countries is supported in turn by the technical assistance provided to these countries through the Technical Co-operation Committee. Still other bodies concern themselves with agricultural and fisheries problems, with maritime transport, the encouragement of tourism, manpower and social affairs, insurance, fiscal measures, the liberalization of capital movements and invisible transactions, the growth of scientific research, the training of technical personnel, the elimination of restrictive business practices, nuclear research and general energy policy.

Industry Committee

To a large extent the activities of these lesser bodies so far reflect closely those of the corresponding committees in the OEEC, save that in most instances they are operating under slightly wider terms of reference and include two powerful North American members. An entirely new initiative, however, has been the provisional establishment for the next two years of an Industry Committee. The function of this body is to guide the work of the so-called "vertical" committees concerned with individual industries, and to deal with any of the practical problems in the progress and expansion of industry that may lie outside the terms of reference of these committees.

The Industry Committee's responsibility as a guide will depend to a large extent on the number of vertical committees actually retained in the Organization. The bulk of these were established in the OEEC during the early postwar years to ensure the rational reconstruction of such industries as iron and steel, pulp and paper, timber, non-ferrous metals, machinery and equipment, textiles, chemical products and others dealing with a number of less important commodities. It must still be decided whether the continuation of these bodies in their present form is warranted in the light of changing circumstances. So far as its wider responsibilities are concerned, however, the new Industry Committee —through its analysis of such general problems as productivity, distribution, management education, obstacles to growth, investment, centralization and concentration of industry, industrial research, employment problems and the expansion of production and demand—may be expected to pay an increasingly important part in enabling member countries to work toward the target of economic growth set.

Aside from the establishment of the collective growth target last November, there have been few major developments since the new Organization began its official existence. The OECD is essentially a consultative body and consultations are seldom dramatic. Nevertheless, carried out on a wide front and among the foremost industrialized nations of the world, they may be more effective than any number of activities that receive more publicity. The decision to establish the Organization was only a first step; its future effectiveness may well depend on the results of the first careful approaches and adaptations that have been quietly carried out over the past months. ●

Import Liberalization in Western Europe

European Division, International Trade Relations Branch.

THE following paragraphs summarize the current import restrictions in Western Europe. For the reader's convenience, countries are listed in alphabetical order, with the Common Market countries under the one heading. Eastern European countries are not covered.

AUSTRIA

THE buoyant economic conditions in Austria led the Austrian Government to add a large number of products to the free list, effective January 1, 1962. Though import licences for these goods are still required for statistical purposes, they are granted automatically. The list of liberalized goods includes certain food products, chemicals and pharmaceuticals, polymerization and copolymerization products, some types of steam boilers, outboard motors (weighing not more than 100 pounds), and aircraft.

The liberalization of imports from GATT countries was extended from July 1, 1962, to the same level as that which applies to imports from the dollar area and OECD countries.

In addition, global quotas for non-liberalized imports from OECD countries were published for the period January 1 to June 30, 1962. Although import licences are still required for such non-liberalized goods, they are granted automatically until the quotas are reached. The Austrian Ministry of Trade also has announced that quotas for the second half of 1962 will be higher and that further increases will follow in subsequent years until all quantitative restrictions have been eliminated.

COMMON MARKET COUNTRIES

IN the past year, no member country of the Common Market has liberalized significantly any additional imports. Several countries did remove certain commodities from the restricted list and these no longer require an import licence. Most goods still subject to control are agricultural and those of particular interest to Canadian exporters will be subject to the common agricultural policy after July 1, 1962. No definite date has been set for the liberalization of the few industrial products of interest to Canada that continue subject to restriction.

DENMARK

WITHIN the framework of the previously announced liberalization program, the Danish Ministry of Commerce issued on July 1, 1961, and January 1, 1962, new lists of liberalized goods. The range of these is wide and includes food products, industrial raw materials, certain types of paper and footwear, and finished industrial products such as electric accumulators.

Imports of feed grains, temporarily suspended in September 1961, were freed two months later for import under licence. Certain kinds of fresh fruit (such as apples, pears and quinces) were liberalized for the period April 15 to July 15.

FINLAND

AS a result of prosperous economic conditions and the availability of foreign exchange, import regulations for 1962 were less restrictive than in 1961. New liberalization measures went into force on July 1, 1961, removing quantitative restrictions from imports of a variety of goods, such as detergents, certain kinds of papers, impregnated textile fabrics, vacuum cleaners (weighing less than 30 pounds), equipment for photographic laboratories, articles of wood and straw, musical instruments, sound recorders and reproducers, furniture and bedding furnishing. In addition, quotas applying to restricted imports have been increased by some $10 million.

GREECE

IN Greece only a limited number of products, chiefly luxury goods, are under import licensing control or are subject to special approval before import. All other commodities may be imported free of restrictions, subject to administrative regulations (including prior deposits) and fiscal controls.

IRELAND

THE Republic of Ireland removed exchange controls in 1960 so that prior permission is not required to buy goods in any amount for use within Ireland. There are, however, import regulations to be complied with, including import licensing and quota restrictions arising out of the Agricultural Produce (Cereals) Acts and similar legislation. These measures are designed to protect local industry and agriculture, and affect such commodities as boots and shoes; electric lamp bulbs; motor cars, chassis, bodies and body assemblies, tires and tubes; tapered thread screws; sparkplugs; superphosphates; some wearing apparel, piecegoods; apples; cereals; certain feedingstuffs, and dairy products. These protective measures apply to imports from all but a few countries.

NORWAY

THE program of liberalization announced in 1961 was carried out in stages, and on January 1, 1962, the liberalization was extended to cover imports of a considerable variety of goods, such as sugar and chocolate confectionery, certain prepared foods and soups, plywood, tableware of porcelain, bottles for beverages, table and office glassware, cutlery, certain refrigerators, motor vehicles, aircraft, tugs and light vessels, chairs and furniture of special wood.

On July 1, 1962, another series of goods will be added to the free list, including certain vegetable oils, biscuits and wafers, detergents, doors and frames of wood, boxes and compendiums with paper stationery.

The program will be concluded on January 1, 1963, when additional industrial products will be freed from licensing. So far, the list of restricted agricultural products subject to state trading has not been reduced.

PORTUGAL

POLITICAL developments in Portugal's overseas territories involving economic losses and increased government spending have retarded liberalization of imports. In some Portuguese territories, such as Mozambique, foreign imports are almost entirely excluded and no import licences are granted.

SPAIN

SINCE March 1961, Spain has published two further lists of products that may now be imported freely from Western Europe, Canada, and the United States. However, a large number of imports are still subject to licence and exchange control, some import trade is being conducted under bilateral trading arrangements, and certain commodities still come under state-trading regulations.

SWEDEN

ONLY a few fisheries and agricultural products remain under control; industrial goods may be freely imported. Imports of automobiles and their parts for assembly require an import licence which in most instances is freely granted.

SWITZERLAND

REPORTING to OEEC in September 1961 on the level of liberalization attained in Switzerland, the Swiss Government stated that it now averaged 92.94 per cent. However, the liberalization of raw materials is 100 per cent, of manufactured goods 92 per cent, and of foodstuffs 82 per cent. ●

TRADE COMMISSIONERS ON TOUR

Richard Grew

P. V. McLane

J. E. Montgomery

G. F. J. Osbaldeston

In Canada

RICHARD GREW, Commercial Counsellor in Rome, Italy:

Vancouver—July 9-13	Toronto—Aug. 1-10
Victoria—July 16-17	Montreal—Aug. 13-17
Winnipeg—July 25-26	Quebec—Aug. 20-21
Hamilton—July 30-31	Halifax—Aug. 22-24

When he completes his tour, Mr. Grew will be posted to Cairo, Egypt, as Commercial Counsellor.

P. V. McLANE, Canadian Government Trade Commissioner in Glasgow, Scotland:

Windsor—July 3	Winnipeg—July 6
Hamilton—July 4	Vancouver—July 9-13

When Mr. McLane completes his tour and leave, he will be posted to Dublin, Ireland, as Commercial Counsellor.

J. E. MONTGOMERY, Assistant Commercial Secretary in The Hague, Netherlands:

Hamilton—July 3	Regina—July 12
St. Catharines—July 4	Calgary—July 13
London—July 5	Vancouver—July 16-19
Chatham—July 6	Victoria—July 20
Winnipeg—July 9-11	

When he completes his tour and leave, Mr. Montgomery will return to The Hague.

G. F. J. OSBALDESTON, Consul and Trade Commissioner in Los Angeles:

Toronto—July 2-6

When he completes his tour, Mr. Osbaldeston will return to Los Angeles.

Businessmen who wish to see these officers should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in Windsor, Ontario, at the offices of the Greater Windsor Industrial Commission; in St. John's, Halifax, Ottawa, Winnipeg and Vancouver, at the Department of Trade and Commerce; in Victoria at the Department of Industrial Development, Trade and Commerce, and in Fredericton at the Department of Industry and Development.

In Territory

G. L. GAGNE, Assistant Commercial Secretary in Santiago, Chile, will visit Talca, Concepción, Valdivia, Osorno, and Puerto Montt July 9-21.

R. H. GAYNER, Vice Consul and Acting Trade Commissioner in São Paulo, Brazil, will visit Curitiba, Florianopolis, Porto Alegre pulp and paper mill installations and hydroelectric projects, beginning July 23.

K. O. HILLYER, Acting Trade Commissioner in Singapore, will visit Kuala Lumpur, Federation of Malaya, August 15-16, and Bangkok, Thailand, July 8-13.

C. M. KERR, Assistant Commercial Secretary in Tokyo, Japan, will visit Hokkaido July 3-9.

J. C. LEITH, Acting Commercial Secretary in Santo Domingo, Dominican Republic, will visit San Juan, Ponce and Mayagucz, Puerto Rico, July 9-13, and St. Thomas, Virgin Islands, July 16.

J. R. MIDWINTER, Commercial Secretary in Santiago, Chile, will visit Coquimbo, Antofagasta, Chuquicamata, Arica and Iquique August 13-25.

B. I. RANKIN, Deputy Consul General (Commercial) in New York, will visit Bermuda during the first two weeks in July.

W. R. VAN, Trade Commissioner in Liverpool, England, will visit Birmingham July 9-12.

Businessmen who would like these officers to undertake assignments for them should get in touch with them at their posts as soon as possible. Write to Mr. Gagné and Mr. Midwinter at Santiago, Mr. Gayner at São Paulo, Mr. Hillyer at Singapore, Mr. Kerr at Tokyo, Mr. Leith at Santo Domingo, Mr. Rankin at New York, and Mr. Van at Liverpool.

Geographical Listing for Exporters

Need Information on Foreign Markets?

You can get it from the Trade Commissioner posts around the world, or from the International Trade Relations Branch in Ottawa. This breakdown tells you which TC post and which ITR Division is responsible for the country in which you are interested.

Country covered by	TC Post and	ITR Division
Aden	Cairo	Commonwealth
Afghanistan	Karachi	Asia and Middle East
Alaska	Vancouver	United States
Albania	Vienna	Europe
Algeria	Paris	Europe
Angola (Portuguese West Africa)	Leopoldville	Europe
Argentina	Buenos Aires	Latin America
Aruba	(see Netherlands Antilles)	(see Netherlands Antilles)
Australia	Sydney, Melbourne and Canberra	Commonwealth
Austria	Vienna	Europe
Azores	Lisbon	Europe
Bahamas	Kingston	Commonwealth
Balearic Islands	Madrid	Europe
Barbados	Port-of-Spain	Commonwealth
Basutoland	Johannesburg	Commonwealth
Bechuanaland	Johannesburg	Commonwealth
Belgium	Brussels	Europe
Bermuda	New York	Commonwealth
Bhutan	New Delhi	Asia and Middle East
Bolivia	Lima	Latin America
Bonaire	(see Netherlands Antilles)	(see Netherlands Antilles)
Borneo (North)	Singapore	Commonwealth
Brazil	Rio de Janeiro and Sao Paulo	Latin America
Britain	London Liverpool Glasgow Belfast	Commonwealth
British Guiana	Port-of-Spain	Commonwealth
British Honduras	Kingston	Commonwealth
British Solomon Islands	Sydney	Commonwealth
British West Indies	Kingston and Port-of-Spain	Commonwealth
Brunei	Singapore	Commonwealth
Bulgaria	Vienna	Europe
Burma	Singapore	Asia and Middle East
Cambodia	Hong Kong	Asia and Middle East
Cameroon Republic	Paris	Europe
Canary Islands	Madrid	Europe
Cape Verde Islands	Lisbon	Europe
Cayman Islands	Kingston	Commonwealth
Central African Republic	Leopoldville	Europe
Ceylon	Colombo	Commonwealth
Chad	Leopoldville	Europe
Chile	Santiago	Latin America
China, Communist	Hong Kong	Asia and Middle East
China, Republic of (Taiwan)	Manila	Asia and Middle East
Christmas Island (Indian Ocean)	Sydney	Commonwealth
Cocos-Keeling Islands	Sydney	Commonwealth
Colombia	Bogota	Latin America
Congo	Leopoldville	Europe
Congo (French Community)	Leopoldville	Europe
Cook Islands	Wellington	Commonwealth
Costa Rica	Guatemala City	Latin America
Cuba	Havana	Latin America
Curacao	(see Netherlands Antilles)	(see Netherlands Antilles)
Cyprus	Athens	Commonwealth
Czechoslovakia	Vienna	Europe
Dahomey	Paris	Europe
Denmark	Copenhagen	Europe
Dominican Republic	Santo Domingo	Latin America
Ecuador	Bogota	Latin America

Country covered by	TC Post and	ITR Division
Egypt	(see United Arab Republic)	(see United Arab Republic)
El Salvador	Guatemala City	Latin America
England	London and Liverpool	Commonwealth
Ethiopia	Cairo	Asia and Middle East
Falkland Islands	Montevideo	Commonwealth
Fiji	Wellington	Commonwealth
Finland	Stockholm	Europe
France	Paris	Europe
French Guiana	Port-of-Spain	Europe
French Oceania	Wellington	Europe
French Somaliland	Cairo	Europe
Gabon	Leopoldville	Europe
Gambia	Accra	Commonwealth
Germany	Bonn, Duesseldorf, Hamburg	Europe
Ghana	Accra	Commonwealth
Gibraltar	Madrid	Commonwealth
Gilbert and Ellice Islands	Wellington	Commonwealth
Greece	Athens	Europe
Greenland	Copenhagen	Europe
Guadeloupe	Port-of-Spain	Europe
Guatemala	Guatemala City	Latin America
Guinea, Republic of	Paris	Europe
Haiti	Port au Prince	Latin America
Hawaii	San Francisco	United States
Honduras	Guatemala City	Latin America
Honduras, British	Kingston	Commonwealth
Hong Kong	Hong Kong	Commonwealth
Hungary	Vienna	Europe
Iceland	Oslo	Europe
India	New Delhi and Bombay	Commonwealth
Indonesia	Djakarta	Asia and Middle East
Iran	Tehran	Asia and Middle East
Iraq	Beirut	Asia and Middle East
Ireland, Northern	Belfast	Commonwealth
Ireland, Republic of	Dublin	Commonwealth
Israel	Tel Aviv	Asia and Middle East
Italy	Rome	Europe

Country covered by	TC Post and	ITR Division
Ivory Coast, Republic of	Paris	Europe
Jamaica	Kingston	Commonwealth
Japan	Tokyo	Asia and Middle East
Jordan	Beirut	Asia and Middle East
Kenya	Salisbury	Commonwealth
Korea	Tokyo	Asia and Middle East
Laos	Hong Kong	Asia and Middle East
Lebanon	Beirut	Asia and Middle East
Leeward Islands	Port-of-Spain	Commonwealth
Liberia	Accra	Asia and Middle East
Libya	Rome	Asia and Middle East
Liechtenstein	Berne	Europe
Luxembourg	Brussels	Europe
Macao	Hong Kong	Europe
Madeira	Lisbon	Europe
Malagasy Republic	Johannesburg	Europe
Malaya, Federation of	Singapore	Commonwealth
Maldive Islands	Colombo	Commonwealth
Mali, Republic of	Paris	Europe
Malta	Rome	Commonwealth
Martinique	Port-of-Spain	Europe
Mauretania, Republic of	Paris	Europe
Mauritius	Johannesburg	Commonwealth
Mexico	Mexico City	Latin America
Monaco	Paris	Europe
Morocco	Paris	Europe
Mozambique (Portuguese East Africa)	Johannesburg	Europe
Nepal	New Delhi	Asia and Middle East
Netherlands	The Hague	Europe
Netherlands Antilles	Caracas	Europe
Netherlands Guiana	(see Surinam)	(see Surinam)
New Caledonia	Sydney	Europe
New Guinea, Northeast and Papua	Sydney	Commonwealth
New Hebrides	Sydney	Europe
New Zealand	Wellington	Commonwealth
Nicaragua	Guatemala City	Latin America
Niger, Republic of	Paris	Europe

Country covered by	TC Post and	ITR Division
Nigeria	Lagos	Commonwealth
Norway	Oslo	Europe
Okinawa	Tokyo	Asia and Middle East
Pakistan	Karachi	Commonwealth
Panama and Canal Zone	Guatemala City	Latin America
Paraguay	Montevideo	Latin America
Persian Gulf Area	Beirut	Asia and Middle East
Peru	Lima	Latin America
Philippines	Manila	Asia and Middle East
Poland	Copenhagen	Europe
Portugal	Lisbon	Europe
Portuguese East Africa	(see Mozambique)	(see Mozambique)
Portuguese Guinea	Lisbon	Europe
Portuguese West Africa	(see Angola)	(see Angola)
Puerto Rico	Santo Domingo	United States
Reunion	Johannesburg	Europe
Rhodesia and Nyasaland, Federation of	Salisbury	Commonwealth
Rio de Oro	(see Spanish Sahara)	(see Spanish Sahara)
Rio Muni	Madrid	Europe
Ruanda Urundi	Leopoldville	Europe
Rumania	Vienna	Europe
St. Helena	Cape Town	Commonwealth
St. Pierre and Miquelon	Paris	Europe
Samoa	Wellington	Commonwealth
Sarawak	Singapore	Commonwealth
Saudi Arabia (Red Sea and Aden)	Cairo	Asia and Middle East
Scotland	Glasgow	Commonwealth
Senegal, Republic of	Paris	Europe
Seychelles Islands	Salisbury	Commonwealth
Sierra Leone	Accra	Commonwealth
Sikkim	New Delhi	Asia and Middle East
Singapore	Singapore	Commonwealth
Somalia	Cairo	Europe
South Africa, Republic of	Johannesburg and Cape Town	Commonwealth
South West Africa	Cape Town	Commonwealth
Spain	Madrid	Europe
Spanish Sahara	Madrid	Europe
Sudan	Cairo	Asia and Middle East
Surinam (Netherlands Guiana)	Port-of-Spain	Europe
Swaziland	Johannesburg	Commonwealth
Sweden	Stockholm	Europe
Switzerland	Berne	Europe
Syria	Beirut	Asia and Middle East
Tahiti	Wellington	Europe
Taiwan	Manila	Asia and Middle East
Tanganyika	Salisbury	Commonwealth
Thailand	Singapore	Asia and Middle East
Tobago	Port-of-Spain	Commonwealth
Togoland	Paris	Europe
Tonga	Wellington	Commonwealth
Trieste	Rome	Europe
Trinidad	Port-of-Spain	Commonwealth
Tunisia	Berne	Europe
Turkey	Athens	Asia and Middle East
Turks and Caicos Islands	Kingston	Commonwealth
Uganda	Salisbury	Commonwealth
United Arab Republic	Cairo	Asia and Middle East
United Kingdom	(see Britain)	(see Britain)
United States	Washington Boston Chicago Detroit Los Angeles New Orleans New York Philadelphia San Francisco Seattle	United States
Upper Volta, Republic of	Paris	Europe
U.S.S.R.	Moscow	Europe
Uruguay	Montevideo	Latin America
Venezuela	Caracas	Latin America
Vietnam	Hong Kong	Asia and Middle East
Virgin Islands (U.S.)	Santo Domingo	United States
Wales	London	Commonwealth
West Indies	Port-of-Spain and Kingston	Commonwealth
Windward Islands	Port-of-Spain	Commonwealth
Yemen	Cairo	Asia and Middle East
Yugoslavia	Vienna	Europe
Zanzibar	Salisbury	Commonwealth

COMMODITY NOTES

Apples and Pears

AUSTRALIA—The Minister of Primary Industry has stated that exports of Australian fresh apples and pears to Britain and Europe in 1962 will break previous records by one million cases. Eight million cases—6.5 million of apples and 1.5 million of pears—will be shipped during the current season, compared with 6.75 million cases of apples and pears last year and 7 million in 1958. The 1962 exports are valued at A£11 million. About 5.2 million cases will go to Britain and 1.4 million to Germany (the previous record for Germany was 800,000 cases). Norway, Sweden, the Netherlands and Belgium will also receive shipments.

Some 80 ships are expected to take part in what will be a record lift for the normal four-month shipping period. Ten Australian ports will be involved, including Bunbury, Western Australia, being used for the first time as a fruit-loading port. Shippers, shipowners and the Commonwealth Scientific and Industrial Research Organization co-operated in experiments to find the best way of carrying and handling the fruit. About 1.5 million cases are being loaded in other than the conventional one-bushel pack. These will go into cartons, bins (containing 25 bushels each), and palletized units. Special provision has been made for studying the fruit in transit and on discharge—Melbourne.

Crockery

SOUTH AFRICA—About three years ago South African transportation services and prominent hotels imported most of the crockery they used. Now a factory at Blackheath near Cape Town is said to supply all their needs. The Blackheath company states that it exports to Canada, the Congo, Portuguese East Africa and Mauritius and entertains bright hopes of competing in the United States, Britain and Europe. The factory employs above 500 workers and an efficient new machine of South African design and manufacture has increased production potential—Cape Town.

Fish

NICARAGUA—Mariscos de Nicaragua plans to build a large fish mill and shrimp-packing plant at the Port of Corinto. The plant will cost about U.S.$1.7 million and will process 4 million pounds of frozen shrimp and 500,000 pounds of frozen fish a year—Guatemala City.

Liquefied Gas

BRAZIL—Brazilian authorities recently approved a contract for the import of 500,000 tons of liquefied gas from Argentina. Brazil will purchase the gas at U.S.$68.68 c.i.c. a ton over the next five years. In exchange, it will export U.S.$34 million worth of goods to Argentina in the next year. PETROBRAS, Brazil's government-owned petroleum refining, importing and distributing agency, will transport over half the imports—São Paulo.

Motor Vehicles

URUGUAY—According to a press report, Uruguay holds second place in the world in number of motor vehicles in proportion to its area, and fourth in proportion to number of inhabitants—Montevideo.

Foreign Tariffs and Trade Regulations

Britain

NEW IMPORT LICENSING ARRANGEMENTS FOR COTTON GOODS—The British Board of Trade has announced that imports of yam and certain manufactures wholly or mainly of cotton will be subject to licensing control from all countries effective July 1, 1962.

The products subject to this control are those classified within British Tariff Items 55.05 to 55.09 inclusive, and in Tariff Item 62.02. In addition to yarns and piecegoods wholly or mainly of cotton, the products covered include towels, bed linen, other household textiles and furnishing fabrics.

The Board of Trade will be prepared to grant Open Individual Licences for imports of the goods in question from all countries newly subject to control, including Canada. Open Individual Licences involve no quantitative limitation of imports, and the control is being imposed to enable a close watch to be kept over the pattern and flow of imports.

Licences will be granted on request, on condition that importers undertake to supply to the Board of Trade within ten days of the beginning of each month a return of imports under the licence in the previous month, stating the country of origin and the quantity of goods. In addition to the foregoing, H. M. Customs and Excise will require the importer or his agent to endorse each licence with the quantity of goods imported under it and importers will be required to return their licences so endorsed to the Board of Trade on expiry. Licences will be valid for imports from any of the countries newly subject to control for an initial period of six months, although they will be liable to revocation without notice.

Further information on these licensing arrangements may be obtained from the Commonwealth Division, International Trade Relations Branch, Ottawa.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversion into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by .917431.

Foreign Exchange Rates

Country	Unit	Type of Exchange	Can. dollar equivalent June 18	Units per Canadian dollar	Notes (See below)
Argentina	Peso		.009646	103.67	
Austria	Schilling		.04224	23.67	
Australia	Pound		2.4500	.4082	
Bahamas	Pound		3.0625	.3265	
Belgium and Luxembourg	Franc		.02191	45.64	
Bermuda	Pound		3.0625	.3265	
Bolivia	Potosi	Free	‡	‡	
Brazil	Cruzeiro	Free	.003075	325.20	
		Special Category	†	†	
Britain	Pound		3.0625	.3265	
British Guiana	Dollar		.6380	1.57	
British Honduras	Dollar		.7656	1.31	
Burma	Kyat		.2289	4.37	
Ceylon	Rupee		.2297	4.35	
Chile	Escudo	Bank rate	1.03612	.9651	
		Free	.6677	1.50	
Colombia	Peso	Certificate	.1627	6.15	
Congo, Republic of	Franc		.02191	45.64	
Costa Rica	Colon		.1645	6.08	
Cuba	Peso		‡	‡	
Czechoslovakia	Koruna		.1514	6.60	
Denmark	Krone		.1583	6.32	
Dominican Republic	Peso		1.0900	.9174	
Ecuador	Sucre	Official	.06056	18.51	
		Free	.04807	20.80	
El Salvador	Colon		.4360	2.29	
Fiji	Pound		2.7590	.3624	
Finland	Markka		.003406	293.60	
France, Monaco, etc.	New Franc		.2224	4.50	(1)
Franco-African Republics, etc.	Franc		.004448	224.82	(2)
French Pacific	Franc		.01223	81.77	(3)
Germany	D Mark		.2729	3.66	
Ghana	Pound		3.0625	.3265	
Greece	Drachma		.03633	27.52	
Guatemala	Quetzal		1.0900	.917431	
Haiti	Gourde		.2180	4.59	
Honduras	Lempira		.5450	1.83	
Hong Kong	Dollar	Free*	.1901	5.26	*June 8
		Official	.1914	5.22	
Iceland	Krona	Official	.02535	39.45	(4)
India	Rupee		.2297	4.35	
Indonesia	Rupiah	Official	.02422	41.28	(4)
Iran	Rial		.01439	69.49	
Iraq	Dinar		3.0520	.3276	

‡No quotation available.
†Exchange auctions will be held each week for limited amounts of exchange.
‡There is no trading in Cuban pesos in U.S. or Canadian banks at present.
*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent June 18	Units per Canadian dollar	Notes (See below)
Ireland	Pound		3.0625	.3265	
Israel	Pound		.3633	2.75	
Italy	Lira		.001756	569.48	
Japan	Yen		.003028	330.25	
Lebanon	Pound	Free	.3444	2.90	
Mexico	Peso		.08720	11.47	
Morocco	Dirham		.2235	4.47	
Netherlands	Florin		.3030	3.30	
Netherlands Antilles	Florin		.5780	1.73	
New Zealand	Pound		3.0416	.3288	
Nicaragua	Cordoba	Effective buying	.1557	6.42	
		Official selling	.1545	6.47	
Nigeria	Pound		3.0625	.3265	
Norway	Krone		.1529	6.54	
Pakistan	Rupee		.2297	4.35	
Panama	Balboa		1.0900	.9174	
Paraguay	Guarani	Official	.008835	113.19	
Peru	Sol		.04063	24.61	
Philippines	Peso	Free	.2807	3.56	
Portugal & Colonies	Escudo		.03791	26.38	(5)
Republic of South Africa	Rand		1.5313	.6530	
Singapore and Malaya	Straits Dollar		.3573	2.80	
Spain and Dependencies	Peseta		.01817	55.04	
Sweden	Krona		.2119	4.72	
Switzerland	Franc		.2526	3.96	
Syria	Pound	Free	.3049	3.28	
Thailand	Baht	Free	.05156	19.39	(4)
Tunisia	Dinar		2.6487	.3775	
Turkey	Lira		.1211	8.26	(4)
United Arab Republic	Pound	Official	‡	‡	
United States	Dollar		1.0900	.917431	
Uruguay	Peso	Free	.09941	10.06	
Venezuela	Bolivar	Free	.2403	4.16	
		Official	.3257	3.07	
West Indies	Dollar		.6380	1.57	(6)
	Pound		3.0625	.3265	(7)
Yugoslavia	Dinar	Official	.001453	688.23	

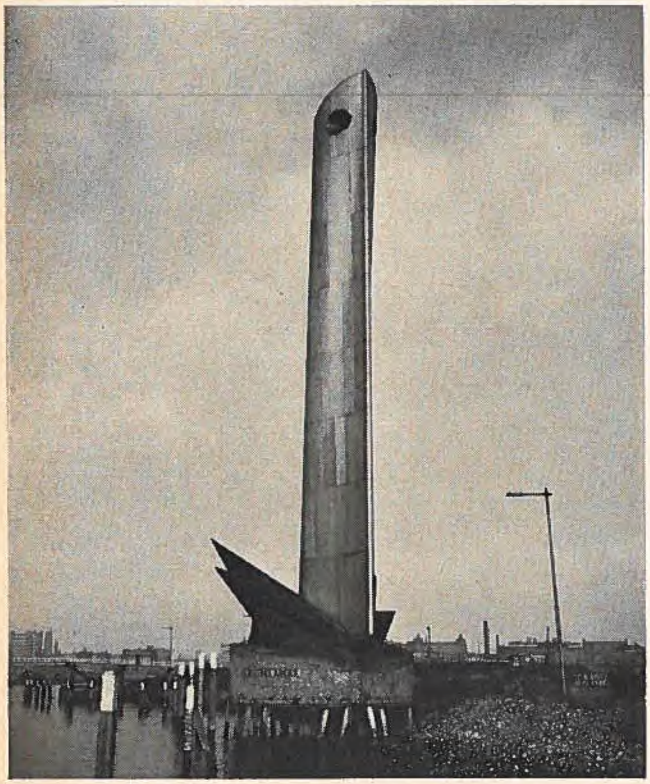
‡No quotation available.

Notes

1. New franc is also used in Algeria, French Guiana, Guadeloupe and Martinique.
2. Chad, Central African Republic, Congo, Dahomey, Gabon, Ivory Coast, Mali, Islamic Republic of Mauritania, Niger, Senegal, Upper Volta, Cameroons, Togoland, and Malagasy. Also Reunion, Comoro Islands, St. Pierre and Miquelon.
3. New Caledonia, New Hebrides, French Polynesia.
4. Additional rates are in effect.
5. Portugal: approximately same rate for Portuguese territories in Africa.
6. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
7. Jamaica.

Canada in European Markets

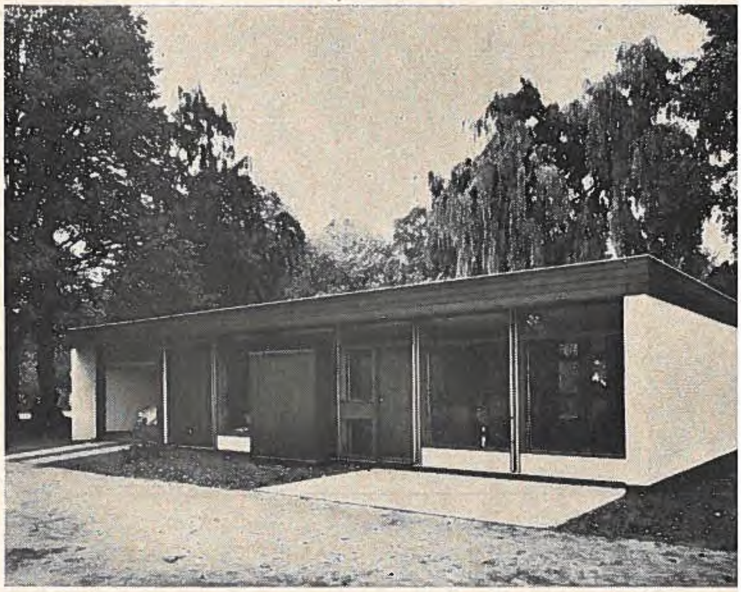
Canadian exporters are invited to contribute to this series photographs of their products in use or on sale in foreign markets. Photographs should be adequately captioned, protected for mailing, and addressed to: The Editor, "Foreign Trade".



In the Netherlands—This striking memorial to the Netherlands Merchant Navy, rising almost from the water at Rotterdam, is made from Canadian aluminum sheets over a steel frame.

In Denmark—Kastrup airport gets a winter clean-up. The maintenance truck is towing a snow sweeper imported from Canada.

In Switzerland—Rich Canadian beaver skins and a luxurious beaver coat are featured in the window of a Zurich furrier.



In Belgium—Canadian timber combines with brick and clean design to create this attractive new home in a Brussels suburb.

Roger Duhamel
QUEEN'S PRINTER

If undelivered return to:
The Queen's Printer, Ottawa, Canada

Can I sell electronic products in West Germany...

CANADIAN CONSULATE
CONSULAT DU CANADA

Bismarckstrasse 95
(P.O. Box 2102)
4 DUESSELDORF 1

June 26, 1962.

Mr. A. Lert,
President,
Canadian Electronics Company,
Montreal, Canada.

Dear Mr. Lert:

I was interested to learn from your letter of June 12th of the success your company has had in developing electronically operated labour-saving devices for Canadian industries and of your desire to expand the sale of your products to Continental Europe.

You couldn't have picked a better time to tackle the German market. For the past few years there has been a shortage of labour here and industrialists have been obliged to install automatic equipment wherever possible. They are constantly looking for electronic measuring, testing and counting devices that can save labour--and I gather from your letter that these are things you can supply.

Your idea of first writing to prospective distributors and then following up with a personal visit to those interested is the best possible approach to this market. To help you get started, I am enclosing a list of five of the larger and more experienced electronic distributors in Germany to whom you may wish to send prices (preferably c.i.f. German ports) and descriptive literature. All of them can provide the servicing your products will need.

A favourite means of bringing buyers and sellers together in Germany is the trade fair and once you have decided on an agent you should plan to participate in the Hannover Fair which has a very large section devoted to electronics. The first three firms on the attached list had stands at the last Hannover Fair and if you should conclude an agency agreement with one of them they might be willing to display your products in their booths.

It was good to hear from you and I hope you will keep me informed of your progress so that I can follow up if necessary. I know that my colleagues in other Trade Commissioner posts in Europe will be glad to help if you are interested in their territory.

Yours faithfully,

Howard E Campbell

Howard E. Campbell
Consul

Trade and Commerce Can Help You